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## CONFIDENTIAL OFFERING MEMORANDUM CENTURION FINANCIAL TRUST

**DATE**

May 1, 2024

**THE ISSUER**

*Name:*

Centurion Financial Trust (the "Trust")

*Head Office*

*Address:*

25 Sheppard Avenue West, Suite 1800, Toronto, ON M2N 6S6

*Phone No.:*

(416) 733-5617 or 1-833-733-5617

*Website:*

[www.centurion.ca](http://www.centurion.ca)

*E-Mail:*

[investoradmin@centurion.ca](mailto:investoradmin@centurion.ca)

*Fax No.*

(416) 733-5619

*Currently listed or quoted?*

No - **These securities do not trade on any exchange or market**

*Reporting Issuer?*

No

*SEDAR Filer?*

No

**THE OFFERING**

*Securities Offered:*

Class A, Class I, and Class F trust units of the Trust (collectively, the "Offered Units")

*Price per security:*

Determined by the trustees of the Trust from time to time and set forth in the subscription agreement(s) entered into between the subscriber(s) and the Trust.

*Minimum offering:*

There is no minimum. You may be the only purchaser.

*Maximum offering:*

The Trust will offer an unlimited number of Offered Units on a continuous basis.

*Minimum Subscription Amount:*

Initial Subscription: \$25,000

Additional Investments: \$5,000

*Payment terms:*

Wire Transfer or Fundserv settlement due on closing.

*Proposed closing dates:*

The Offered Units will be offered for sale on a continuous basis commencing on the date of the certificate attached to this Offering Memorandum and ending at the discretion of the trustees of the Trust. Closings will occur on dates established by the Trust.

*Income Tax Consequences:*

There are important tax consequences to these securities. See "Item 8: Income Tax Consequences and RRSP Eligibility".

*Compensation Paid to Sellers and Finders:* Yes. A person has received or will receive compensation for the sale of the securities under this offering - See "Item 9: Compensation Paid to Sellers and Finders".

The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager") and an exempt market dealer, investment fund manager and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the Offered Units hereunder, which may result in potential conflicts of interest. See "Item 2: Business of Centurion Financial Trust - 2.1. Structure" and "Item 9: Compensation Paid to Sellers and Finders".

### RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. See "Item 12: Resale Restrictions".

### PURCHASER'S RIGHTS

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 *Prospectus Exemptions*, you have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation contained in this offering memorandum, you have a right to sue for damages or to cancel the agreement. See "Item 13: Purchaser's Rights".

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Item 10: Risk Factors".

*This Offering Memorandum constitutes an offering of the securities described herein only in the provinces and territories of Canada, and to those persons to whom they may be lawfully offered for sale and only by persons permitted to sell these securities. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of securities. No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this Offering Memorandum or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of this material by a securities commission or similar authority.*

*This Offering Memorandum is intended for use by investors solely in connection with the consideration of the purchase of these securities. No person is authorized to give any information or to make any representation not contained in this Offering Memorandum in connection with the offering of these securities and, if given or made, no such information or representation may be relied upon. This Offering Memorandum is confidential. By their acceptance hereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein.*

**CENTURION FINANCIAL TRUST  
CONTINUOUS OFFERING  
Class A, Class F, and Class I Units**



The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the Units hereunder, which may result in potential conflicts of interest. The Trust is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under "Relationship between the Trust, The Asset Manager, and Affiliates of the Asset Manager", and in particular as a result of the fact that Mr. Gregory Romundt is the President of both the Trust and the Asset Manager, and Mr. Gregory Romundt indirectly owns all of the shares of the Asset Manager and its affiliates. The Trust has retained the Asset Manager to provide asset management services pursuant to the Asset Management Agreement as described under "Item 2: Business of Centurion Financial Trust - 2.1. Structure - The Asset Manager" and will pay the Asset Manager the fees in certain circumstances described under "Item 2: Business of Centurion Financial Trust - 2.1. Structure - The Asset Manager's Fees". The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager's right, during the term of the Asset Management Agreement, to appoint a prescribed number of nominees to the board of trustees of the Trust as more particularly described under "Item 2: Business of Centurion Financial Trust - 2.1. Structure - Trustees". The prescribed number of nominees that the Asset Manager is entitled to appoint varies depending on the size of the board of trustees, but the prescribed number exceeds 20% of the number of trustees. In addition, the Asset Manager is the asset manager of, and adviser to, Centurion Apartment Real Estate Investment Trust as well as several other clients. See "Item 2: Business of Centurion Financial Trust - 2.1. Structure - Trustees", "Item 2: Business of Centurion Financial Trust - 2.1. Structure - Relationship Between the Trust, the Asset Manager and Affiliates of the Asset Manager" and "Item 9: Compensation Paid to Sellers and Finders". The Trust has entered into warehouse agreement with Centurion Apartment Real Estate Investment Trust whereby Centurion Apartment Real Estate Investment Trust has entered into an agreement to potentially fund or purchase and warehouse certain investments originated by (or on behalf of) the Trust. If the Trust ceases to qualify as a "mutual fund trust" under the Income Tax Act, the income tax considerations would be materially and adversely different in certain respects. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

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## SUBSCRIPTION PROCEDURE AND CHECKLIST

Applicable Canadian securities laws prescribe certain of the documentation that must be completed in order to subscribe for Units. The documentation that you must complete will depend on the jurisdiction in which you are resident and the prospectus exemption on which you are relying. A summary of the documentation requirements is set forth below:

**IMPORTANT: The following items must be completed and executed in connection with your subscription (as set out in the subscription agreement for Units (the "Subscription Agreement")). All references to pages and schedules below are references to the applicable page or schedule of the Subscription Agreement.**

### **All Purchasers**

\_\_\_\_\_ Complete and execute all applicable lines on pages 1 and 2 of the Subscription Agreement.

\_\_\_\_\_ Provide a certified cheque, or bank draft or wire transfer made payable to the Trust for the Total Subscription Price (as defined in the Subscription Agreement) indicated on page 1 of the Subscription Agreement. Provide a separate cheque marked "VOID" from the account to which distributions should be credited, if you have selected cash distributions.

### **Accredited Investor Exemption – All provinces and territories of Canada**

\_\_\_\_\_ If an "accredited investor", complete and execute Schedule A - Accredited Investor Status Certificate, indicating which category is applicable. You do not need to complete Schedule B, C, or D if Schedule A is completed. Investors must also complete Exhibit A to Schedule A.

### **Family, Friends and Business Associates Exemption – All provinces and territories of Canada (other than Québec)**

\_\_\_\_\_ If relying on the "Family, Friends and Business Associates" exemption complete and execute Schedule B - Family, Friends and Business Associates Status Certificate, indicating which category is applicable. You do not need to complete Schedule A, C, D if Schedule B is completed. If you are resident in Saskatchewan, you must also complete Exhibit A to Schedule B. If you are resident in Ontario, you must also complete Exhibit B to Schedule B. This exemption is not available to residents of Québec.

### **Minimum Amount Investment Exemption – All provinces and territories of Canada (other than Québec)**

\_\_\_\_\_ If relying on the "Minimum Amount Investment" exemption, complete and execute Schedule C - Minimum Amount Investment Status Certificate. You do not need to complete Schedule A, B, or D if Schedule C is completed. This exemption is not available to individuals or residents of Québec.

### **Offering Memorandum Exemption – All provinces and territories of Canada (other than Québec)**

\_\_\_\_\_ If relying on the "Offering Memorandum" exemption, complete and execute Schedule D - Eligible Investor Status Certificate and Exhibit A to Schedule D. If you are resident in Alberta, New Brunswick, Nova Scotia, Ontario, Quebec or Saskatchewan, you must also complete Exhibit B to Schedule D. You do not need to complete Schedule A, B, or C if Schedule D is completed unless Schedule D specifically provides that you must complete one of Schedule A or Schedule B. This exemption is not available to residents of Québec.

**All purchasers must provide a completed and originally executed copy of the Subscription Agreement, including this instruction sheet and the items required to be completed as set out above.**

## SUMMARY OF THE OFFERING

*The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum. Capitalized terms used and not otherwise defined herein have the meanings set out in the Glossary of Terms.*

<b>Issuer:</b>	Centurion Financial Trust (the “Trust”)
<b>Issue:</b>	Class A, Class F and Class I trust units of the Trust issuable in series offered pursuant to this Offering Memorandum (together, with any new class of units, collectively, the “Investor Units”)
<b>Price:</b>	The price per Investor Unit will be determined by the Trustees from time to time and set forth in the subscription agreement(s) entered into between the subscriber(s) and the Trust.
<b>Minimum Subscription</b>	\$25,000
<b>Minimum Additional subscription</b>	\$5,000
<b>Eligible Subscribers for Units:</b>	Investors who are eligible to purchase Investor Units on an exempt basis under, and subject to compliance with, applicable securities laws.
<b>Closings:</b>	The Investor Units will be offered for sale on a continuous basis commencing on the date of the certificate attached to this Offering Memorandum and ending at the discretion of the Trustees. Closings will occur from time to time on dates determined by the Trustees. All subscriptions are subject to rejection or acceptance in full or in part and the right is reserved to discontinue or resume the Offering at any time without notice by the Trust.
<b>Distributions:</b>	<p>The Declaration of Trust provides that the Trust may distribute to Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period. See “Item 4: Capital Structure - 4.1. Securities Except for Debt Securities - Distribution Policy”. The Trustees may, in their discretion, allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit. For the twelve-month period following the date of this Offering Memorandum, it is the Trust’s current intention to distribute \$0.70 per Class A Unit per annum and \$0.80 per Class F and Class I Unit per annum, payable on a monthly basis and to allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit such that the Fair Market Value of each class of Units is the same. See “Item 4: Capital Structure - 4.1. Securities Except for Debt Securities - Distribution Rates per Unit”.</p> <p>There can be no assurance that the Trust will be able to achieve its distribution targets or that the Trust will make any distributions in any particular month. See “Item 10: Risk Factors - Availability of Cash for Distributions”.</p>
<b>Attributes of Units:</b>	<p>The Units represent the beneficial ownership interest of the holders thereof in the Trust. Each Unit carries one (1) vote at meetings of Unitholders and a holder thereof is entitled to distributions as described above. The Trustees may, at any time and from time to time, authorize the Trust to issue additional classes of Units without the authorization of Unitholders. Each Units of a class will share in assets of the Trust attributable to such Class on an equal pro rata (or “pari passu”) basis.</p> <p>See “Item 5: Securities Offered - 5.1 Terms of Securities”.</p>

**Use of Available Funds  
(Proceeds):**

The net proceeds to the Trust of the Offering, after deducting expenses in respect of the Offering, are expected to be used for future investments in accordance with the investment objectives of the Trust, subject to the investment guidelines and operating policies of the Trust. This includes using funds for Investments, asset management fees, redemptions and general working capital purposes. The Trust reserves the right to allocate the net proceeds of the Offering for other purposes in accordance with sound business judgment and subject to the investment guidelines and operating policies of the Trust.

**Purchase Options:**

Subscribers can subscribe through a registered dealer using one of five purchase options:

Class A Units:

- (1) a deferred sales charge option;
- (2) a low load option; and
- (3) a front load option.

Class F Units:

- (1) a fee-based account option (fee-based accounts only).

Class I Units:

- (1) an Institutional account option.

See "Item 9: Compensation Paid to Sellers and Finders - Purchase Options" and "Item 2: Business of Centurion Financial Trust - 2.1. Structure - The Asset Manager's Fees".

**Representations of  
Subscribers:**

Each Subscriber will represent to the Trust and any dealer who sells the Units to such Subscriber that such Subscriber is eligible to purchase Units on an exempt basis under, and subject to compliance with, applicable securities laws.

**Fees and Expenses:**

The Trust is charged an asset management fee of 1.5% per annum and Centurion Financial Trust LP is charged a carry allocation, if applicable, of 15% with a 7.25% hurdle rate. "Item 2: Business of Centurion Financial Trust - 2.1. Structure - "The Asset Manager's Fees".

**Conflicts of Interest:**

The Trust may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of the Trust, senior officers of the Asset Manager, the Investment Advisor and the Mortgage Servicer are engaged in a wide range of investment, real estate and other business activities. The Trust may become involved in transactions which conflict with the interests of one or more of the foregoing entities. See "Item 10: Risk Factors - Potential Conflicts of Interest".



## GLOSSARY OF TERMS

**"Additional Committees"** means any additional committees governing the affairs of the Trust created by the Trustees, in their discretion pursuant to the Declaration of Trust.

**"Adjustment Factors"** has the meaning ascribed thereto under "Item 4: Capital Structure – 4.1. Securities Except for Debt Securities – Calculation of Trust Unit Fair Market Value and Posted Prices".

**"Allowable Capital Loss"** has the meaning ascribed thereto under "Item 8: Income Tax Consequences and RRSP Eligibility for Investment – Canadian Federal Income Tax Considerations".

**"Approved Warehouse Transactions"** means a transaction governed by or completed pursuant to a Warehouse Agreement.

**"Asset Management Agreement"** means the amended and restated agreement dated September 1, 2023 between the Asset Manager and the Trust.

**"Asset Manager" or "CAMI"** means Centurion Asset Management Inc., a corporation governed by the laws of the Province of Ontario and its successors.

**"Audit Committee"** means the audit committee created pursuant to the Declaration of Trust.

**"Board of Trustees"** means the board of trustees of the Trust.

**"Business Day"** means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

**"Capital Gains Refund"** has the meaning ascribed thereto under "Item 8: Income Tax Consequences and RRSP Eligibility for Investment – Canadian Federal Income Tax Considerations".

**"Carry Allocation"** means the partnership distribution that the Special limited Partner, an affiliate of the Asset Manager, is entitled to under the terms of the Centurion Financial Trust Limited Partnership Agreement. See "Asset Manager's Fees and Carry Allocation".

**"Centurion Apartment REIT"** means Centurion Apartment Real Estate Investment Trust, an unincorporated investment trust governed by the laws of the Province of Ontario.

**"Centurion Appointees"** the meaning ascribed thereto under "Item 2: Business of Centurion Financial Trust – 2.1. – Structure - Trustees".

**"Centurion Asset Management GP Inc." and "CAMI GP"** means Centurion Asset Management GP Inc., a corporation governed by the laws of the Province of Ontario owned by Centurion Apartment REIT and Centurion Financial Trust.

**"Centurion REOT"** means Centurion Real Estate Opportunities Trust which was a private mutual fund trust governed by the laws of the Province of Ontario.

**"CFIT"** means CFIT Trust and has the meaning ascribed thereto under Item 2: Business of Centurion Financial Trust – 2.1. Structure – Centurion Financial Trust Operating Structure".

**"CFIT GP"** means Centurion Financial Trust GP Inc., a corporation governed by the laws of the Province of Ontario, which is a general partner of the CFIT LP.

**"CFIT LP"** means Centurion Financial Trust LP, a limited partnership governed by the laws of the Province of Ontario, and CFIT GP and CAMI GP are its general partners.

**"CFIT Limited Partnership Agreement"** means the Second and Amended and Restated Limited Partnership Agreement of CFIT LP dated September 1, 2023.

**"Class"** means a class of units of beneficial interest in the Trust.

**"Class A Units"** means a unit of beneficial interest in the Trust designated as Class A units.

**"Class F Unit"** means a unit of beneficial interest in the Trust designated as Class F units.

**"Class I Unit"** means a unit of beneficial interest in the Trust designated as Class I units.

**"Class M Unit"** means a unit of beneficial interest in the Trust designated as Class M units.

**"Class R Unit"** means a unit of beneficial interest in the Trust designated as Class R units.

**“Conventional Mortgage”** means a mortgage for which the principal amount, at the time of commitment, together with all other equal and prior ranking mortgages: (a) in the case of a property purchase, does not exceed the lower of 75% of the purchase price of the underlying real property securing the mortgage and 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser; and (b) in the case of a refinancing, does not exceed 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser at the time of such refinancing.

**“CRA”** means the Canada Revenue Agency.

**“Declaration of Trust”** means the amended and restated declaration of trust made as of January 13, 2022, governed by the laws of the Province of Ontario, pursuant to which the Trust was created, as amended, supplemented or amended and restated from time to time.

**“Deferred Sales Charge” or “DSC”** means any charge that is applied against the redemption proceeds to a Unitholder for an early redemption where the Unitholder has subscribed using the Deferred Sales Charge Option (see “Item 9: Compensation Paid to Sellers and Finders – Purchase Options”).

**“Distributable Income”** means, for any period, the net income of the Trust and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements as determined in accordance with IFRS, subject to certain adjustments, including: (a) adding back the following items: depreciation, amortization (except for amortization of deferred financing costs, future income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value); and (b) deducting the following items: future income tax credits, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of properties at rates of interest greater than fair value and any other adjustments determined by the Trustees in their discretion.

**“DRIP”** means a distribution reinvestment plan established by the Trustees for the purposes of allowing Unitholders to reinvest distributions on the Units in additional Units.

**“Fair Market Value” or “FMV”** means the value of the Units determined by the Trustees, in their sole discretion, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units, depending on the methods used by the Trustees in making a particular determination of Fair Market Value. See “Item 4: Capital Structure – 4.1. Securities Except for Debt Securities – Valuation Policy”.

**“Fee Based Account”** means an account in which the Unitholder would hold Units that has fees attached to the assets in the account and/or where the Unitholders advisor or portfolio manager is already being paid fees for service such that if commissions or trailers would be paid to the advisor or portfolio manager, the Unitholder would be in effect by paying a duplication of fees.

**“FHSA”** means a first home savings account.

**“Focus Activity”** means originating and providing flexible financing solutions to individuals and companies that are underserved by traditional financial institutions using a broad mix of Investments.

**“Gross Book Value”** means, at any time, the book value of the assets of the Trust, as shown on its then most recent balance sheet plus the amount of accumulated depreciation and amortization thereon.

**“IFRS”** means International Financial Reporting Standards.

**“In Specie Distributions”** has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

**“Independent”** means, with respect to a Person, a Person who has no direct or indirect material relationship with the Asset Manager, its affiliates, or the Trust which could, in the view of the Board of Trustees, reasonably interfere with such Person’s judgment.

**“Independent Trustee”** means a trustee who has no direct or indirect material relationship with the Trust which could, in the view of the Board of Trustees, reasonably interfere with a Trustee’s independent judgment.

**“Independent Trustee Matters”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Independent Trustee Matters”.

**“Institutional Lenders”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.4. Long Term Objectives – Mortgage Investments”.

**“Investment Committee”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Investment Committee”.

**“Investment Guidelines”** means the investment guidelines and operating policies of the Trust set out under “Item 2: Business of Centurion Financial Trust – 2.2. The Business – Investment Guidelines and Operating Policies”.

**“Investments”** means any conventional or unconventional financing structures including, but not limited to, senior secured term loans, asset backed loans, bridge loans, subordinated loans, mezzanine loans, syndicated loans, preferred shares, royalties, equipment financing arrangements, inventory financing arrangements, factored accounts receivable, conventional and unconventional mortgages, convertible debentures, equity securities, securitizations, and other equity interests or participations.

**“Investor Unit”** means a Unit that is not a Class M Unit or a Class R Unit and is either a Class A, a Class F, a Class I unit or a New Class of Unit.

**“Joint Arrangement Partners”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.2. The Business – Investment Guidelines and Operating Policies”.

**“Joint Arrangement Entity”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.2. The Business – Investment Guidelines and Operating Policies”.

**“Management”** means the management team of the Trust described under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – The Management Team”.

**“Material Contracts”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.8. Material Agreements”.

**“Monthly Limit”** has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1. Terms of Securities – Description of the Units – Redemption of Units”.

**“Mortgage Assets”** means mortgage loan investments and other mortgage assets.

**“Mortgage Servicer”** means Centurion Mortgage Services Corporation, a corporation governed by the laws of the Province of Ontario that is engaged by the Asset Manager, on behalf of The Trust, for the purposes of servicing Mortgage Assets of the Trust that aren’t serviced by another licensed mortgage administrator.

**“New Class of Unit” or “New Classes of Units”** means any additional class or classes of units, as applicable, of the Trust which may be created by the Trust and sold pursuant to this Offering Memorandum (as amended).

**“NI 45-106”** means National Instrument 45-106 – Prospectus Exemptions of the Canadian Securities Administrators, as it may be amended from time to time.

**“Non-Resident Beneficiaries”** has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1. Terms of Securities – Description of the Units - Limitation on Non-Resident Ownership”.

**“Notice”** has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

**“Offering”** means the offering of Investor Units on a continuous basis pursuant to this Offering Memorandum and any concurrent offering memorandum.

**“Offering Memorandum”** means this confidential offering memorandum, as it may be amended or amended and restated.

**“Person”** means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

**“Portfolio”** means the portfolio of Investments held by the Trust, directly or indirectly through one or more Subsidiaries, including CFIT and CFIT LP.

**“Portfolio Companies”** means companies in which the Trust has made its Investments.

**“Posted Price”** means, in respect of a Unit, the Fair Market Value of the Unit, as determined by the Trustees and posted on The Trust’s website.

**“RDSP”** means a registered disability savings plan.

**“Redemption Date”** has the meaning ascribed thereto under “Item 6: Repurchase Requests – Redemption of Units”.

**“Registered Plan”** means any RRSP, RRIF, TFSA, FHSA, deferred profit-sharing plan, RDSP, or RESP.

**“Regulations”** means the regulations to the Tax Act.

**“Related Party”** means, with respect to any Person, a Person who is a “related party” as that term is defined in Ontario Securities Commission Rule 61-501, as amended from time to time (including any successor rule or policy thereto).

**“RESP”** means a registered education savings plan.

**“RRIF”** means a registered retirement income fund.

**“RRSP”** means a registered retirement savings plan.

**“Service Providers”** has the meaning ascribed thereto under “Item 10: Risk Factors – Potential Conflicts of Interest”.

**“Short-Term Trading Fee”** means the amount, (if any) of the reduction in Unit redemption price that will be applied as a fee against the Unitholder’s redemption if a Unitholder redeems Units early. See “Item 9: Compensation Paid to Sellers and Finders – Purchase Options.”

**“SIFT Rules”** means the provisions of the Tax Act providing for a tax on certain income earned by a SIFT Trust or a SIFT Partnership, each as defined in the Tax Act.

**“SIFT Trust”** means a specified investment flow-through trust for the purposes of the Tax Act.

**“Special Limited Partner”** means CFIT Partners 2 Inc., a corporation founded under the laws of the Province of Ontario.

**“Sub Limits”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Investment Committee”.

**“Subscriber”** means a Person purchasing Units pursuant to this Offering.

**“Tax Act”** means the Income Tax Act, R.S.C. 1985, c.1 (5th Supp.), and the regulations thereunder as may be amended from time to time.

**“Tax Proposals”** means all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

**“Taxable Capital Gain”** has the meaning ascribed thereto under “Item 8: Income Tax Consequences and RRSP Eligibility – Canadian Federal Income Tax Considerations”.

**“TFSA”** means a tax-free savings account.

**“Trustees”** means the trustees of Centurion Financial Trust.

**“Unconventional Mortgage”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.2. The Business Investment Guidelines and Operating Policies.”

**“Unit”** means, as the context may require, a Class A Unit, a Class F Unit, a Class I unit, a Class M Unit or a Class R Unit, a New Class of Unit, and includes a fraction of a unit of the Trust.

**“Unit Redemption Price”** has the meaning ascribed thereto under “Item 6: Repurchase Requests – Redemption of Units”.

**“Unitholder”** means a holder of one or more Units.

**“Valuation Date”** means (a) December 31 of each calendar year, (b) September 30 of each calendar year and (c) any other such day or days as determined from time to time by the Trustees in their discretion.

**“Warehouse Agreement”** means an investment warehouse agreement dated January 16, 2017 between the Trust and Centurion Apartment REIT whereby Centurion Apartment REIT has entered into an agreement to potentially fund or purchase and warehouse certain investments originated by (or on behalf of) the Trust.

**“Warehoused Investments”** has the meaning ascribed thereto under “Item 2: Business of Centurion Financial Trust – 2.4. Long Term Objectives – Warehouse Agreement”.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) constitute forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Trust believes, expects, or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Trust) are forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks (including the risks identified under "Item 10: Risk Factors"), uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Trust and the Asset Manager (and its affiliates, as applicable) believe that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) should not be unduly relied on. These statements speak only as of the date of this Offering Memorandum or as of the date specified in such statements, as the case may be and, except as may be required by applicable securities laws, the Trust, and the Asset Manager (and its affiliates) disclaim any intent or obligation to update any forward-looking statements whether as a result of new information, future events, or results or otherwise.

## ITEM 1: USE OF AVAILABLE FUNDS

### 1.1. Funds

The estimated total available funds to the Trust after giving effect to the Offering are as follows:

		Assuming Maximum Offering <sup>(1)</sup>
A.	Amount to be raised by this Offering	N/A
B.	Selling commission and fees <sup>(2)</sup>	N/A
C.	Estimated costs of the Offering (e.g., legal, accounting, audit, etc.)	N/A
D.	Available funds: $D = A - (B + C)$	N/A

Notes:

- (1) There is no minimum offering. The Trust will offer an unlimited number of Units on a continuous basis.
- (2) The Trust sells Units through securities dealers. It is expected that the Trust will pay compensation to such securities dealers, up to a maximum of approximately 5% of the subscription proceeds depending on the purchase option selected. The Trust will also pay trailing commissions to securities dealers in respect of Units sold by them or held in the client accounts of such securities dealers. The trailing commission will depend on the purchase option through which the Units are purchased. To the extent that the Trust is responsible for the payment of compensation to securities dealers, including trailing commissions, the funds available to the Trust for investment purposes and distributions will be reduced. See "Item 9: Compensation Paid to Sellers and Finders". See "Item 10: Risk Factors - Dilution."

### 1.2. Use of Available Funds

The following table provides a detailed breakdown of how the Trust will use the available funds.

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming Maximum Offering <sup>(1)</sup>
The net proceeds from the sale of this Offering will be used to invest in accordance with the investment objectives of the Trust, subject to the investment guidelines. This includes using funds for alternative credit opportunities, the asset management fees, redemptions and general working capital purposes. <sup>(1)(2)</sup>	N/A

Notes:

- (1) There is no minimum or maximum offering. The Trust will offer an unlimited number of Units on a continuous basis.
- (2) A portion of the available funds may be used by the Trust for payments to Related Parties, including to the Asset Manager, the Property Manager, the Mortgage Manager, and the Mortgage Servicer. See "Item 10: Risk Factors - Potential Conflicts of Interest".

### 1.3. Proceeds Transferred to Other Issuers

Not applicable.

## ITEM 2: BUSINESS OF CENTURION FINANCIAL TRUST AND OTHER INFORMATION AND TRANSACTIONS

### 2.1. Structure

#### Centurion Financial Trust

Centurion Financial Trust (the “Trust”) is an unincorporated investment trust created by a declaration of trust made as of January 3, 2017, as amended and restated January 13, 2022 (the “Declaration of Trust”) and governed by the laws of the Province of Ontario. See “Item 5: Securities Offered – 5.1. Terms of Securities” and “Item 5: Securities Offered – 5.1. Terms of Securities - Description of the Units”.

The investment objectives of the Trust are to provide Unitholders with income (payable monthly) and capital growth from a diversified portfolio of a broad mix of Investments made to companies based primarily in Canada and the United States that need flexible solutions and are underserved by traditional financial institutions. See “Item 2: Business of Centurion Financial Trust – 2.4. Long Term Objectives”.

The Trustees are responsible for the general control and direction of the Trust. The Investment Committee reviews and approves smaller Investments made by the Trust and recommends Investments above the sub limits to the Trustees for their consideration.

Future investments of the Trust will be subject to the Investment Guidelines. See “Item 2: Business of Centurion Financial Trust – 2.2. Our Business – Investment Guidelines and Operating Policies”.

The head office of the Trust is located at: 25 Sheppard Avenue West, Suite 1800, Toronto, ON M2N 6S6.

#### Management of Centurion Financial Trust

The investment policies and operations of the Trust are subject to the control and direction of the Trustees, a majority of whom have had at least five (5) years of experience in lending and a majority of whom are Independent Trustees. The Asset Manager manages the day-to-day operations and administration of the Trust. See “Item 2: Business of Centurion Financial Trust – 2.1. Structure – The Asset Manager”. The Asset Manager, directly or indirectly, sources potential Investments and provides required services relating to the ongoing management of such Investments. See “Item 2: Business of Centurion Financial Trust”.

The Trust is responsible to pay for all of its own expenses including, but not limited to the following:

- (a) office rents, overhead costs, and office costs;
- (b) interest and other costs of borrowed money;
- (c) fees and expenses of lawyers, accountants, auditors, appraisers and other agents, service providers or consultants employed by or on behalf of the Trust;
- (d) fees and expenses of the Investment Committee (including the remuneration of the Chairperson);
- (e) fees and expenses of the Trustees;
- (f) any fees and expenses payable to the Asset Manager under the Asset Management Agreement;
- (g) fees and expenses connected with the acquisition, disposition and ownership of Investments;
- (h) expenses in connection with payments of distributions of Units of the Trust;
- (i) expenses in connection with communications to Unitholders and the other bookkeeping and clerical work necessary in maintaining relations with Unitholders;
- (j) expenses of changing or terminating the Trust;
- (k) fees and charges of stock exchanges, transfer agents, registrars, indenture trustees and other trustees and custodians;
- (l) all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to public or private investors as the case may be, of Units and other required governmental filings;
- (m) all costs and expenses in connection with the incorporation or establishment, organization and maintenance of entities formed to hold Investments on behalf of the Trust;
- (n) all reasonable costs and expenses in connection with marketing and building the brand of the Trust; and
- (o) all other costs and expenses that the Trustees, acting reasonably, determine to be the costs and expenses of the Trust.

### **Relationship Between the Trust, the Asset Manager, and Affiliates of the Asset Manager**

The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and a registered exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the Units hereunder.

The Trust is a connected issuer of the Asset Manager due to various factors, including the fact that Mr. Gregory Romundt is the President of both the Trust and the Asset Manager and Mr. Romundt indirectly owns all of the shares of the Asset Manager and its affiliates, and the Mortgage Servicer. The Trust has retained the Asset Manager to identify investment opportunities and provide information and advice relating to proposed Investments, pursuant to the Asset Management Agreement as described under "The Asset Manager's Duties" and will pay the Asset Manager the fees described herein under "The Asset Manager's Fees".

The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager's right, during the term of the Asset Management Agreement, to appoint a prescribed number of nominees to the Board of Trustees of the Trust as more particularly described below. The prescribed number of nominees that the Asset Manager is entitled to appoint varies depending on the size of the Board of Trustees, but the prescribed number exceeds 20% of the number of trustees. The decision to offer the Units was made upon the recommendation of the Asset Manager. A portion of the proceeds of the Offering will be used by the Trust to pay the fees payable to the Asset Manager pursuant to the Asset Management Agreement as described above.

### **Trustees**

The Declaration of Trust provides that the assets and operations of the Trust will be subject to the control and authority of a minimum of five (5) and maximum of eleven (11) Trustees. The number of Trustees on the Board of Trustees may only be changed by the Unitholders or, if authorized by the Unitholders, by the Trustees, provided that the Trustees may not, between meetings of the Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. The Asset Manager is, during the term of the Asset Management Agreement, entitled to appoint two (2) Trustees (the "Centurion Appointees") on a board of five (5) or six (6), three (3) Trustees on a board of seven (7) or eight (8), four (4) Trustees on a board of nine (9) or ten (10) and five (5) Trustees on a board of eleven (11). A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of the Centurion Appointees) may be filled by resolution of the remaining Trustees as long as they constitute a quorum in accordance with the provisions of the Declaration of Trust. If there is not a quorum of Trustees, or if the vacancy has arisen from a failure by the Unitholders to elect the minimum number of Trustees required by the Declaration of Trust, the Trustees then in office may call a special meeting of Unitholders to fill the vacancy. A vacancy occurring among the Trustees resulting from the resignation or removal of the Centurion Appointees may be filled by an appointment by the Asset Manager. There are currently seven (7) Trustees, four (4) of whom are Independent Trustees.

The Declaration of Trust provides for the appointment by the Trustees of the Audit Committee (described below) and the Investment Committee. The Declaration of Trust contains additional provisions for the following with respect to Trustees:

- a majority of the Trustees must be Independent Trustees; and
- a Trustee, other than a Centurion Appointee, may be removed at any time with or without cause by a majority of the votes cast at a meeting of Unitholders or by written consent of Unitholders holding not less than a majority of the outstanding Units entitled to vote or with cause by a resolution passed by an affirmative vote of not less than two-thirds of the other Trustees.

Pursuant to the Declaration of Trust, each Trustee is required to exercise the powers and duties of his or her office honestly, in good faith with a view to the best interests of the Trust and the Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **Conflict of Interest Restrictions and Provision**

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitation on the Trust. Given that the Trustees and senior officers of the Trust are engaged in a wide range of investment and other activities, the Declaration of Trust contains provisions that require if a Trustee or an officer of the Trust is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, or is a director or officer or employee of, or otherwise has a material interest in, any person who is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, such Trustee or



officer of the Trust, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees or a committee of the Trustees, as the case may be, the nature and extent of such interest, and in the case of a Trustee, such Trustee shall abstain from voting on the resolutions relating to the proposed material contract or transaction.

### **Independent Trustee Matters**

In addition to requiring the approval of a majority of the Trustees, the approval of not less than a majority of the Independent Trustees holding office at such time who have no interest in the matter (given by vote at a meeting of Trustees or by written consent) shall be required with respect to any decision regarding any of the following matters (the "Independent Trustee Matters"):

- an acquisition or disposition of an Investment, or other asset of the Trust, whether by co-investment or otherwise, in which a Related Party has any direct or indirect interest, other than Approved Warehouse Transactions;
- the entering into, waiver of, exercise of or enforcement of any right or remedies under any agreement entered into by the Trust, or the making, directly or indirectly, of any co-investment, with any Related Party or in which any Related Party has a material interest;
- the refinancing or renewal of any indebtedness owing by or to any Related Party or in which a Related Party has a material interest;
- the grant of options under any Unit option plan adopted by the Trustees;
- the grant of Units under any Unit purchase plan adopted by the Trustees;
- any change in the number of Trustees and the appointment of Trustees to fill any vacancies created by any increase in the number of Trustees;
- decisions relating to the compensation and remuneration of Trustees or of any employee of the Trust who is also an employee of a Related Party;
- decisions relating to any claim by or against any vendor of properties to the Trust, any debtor under a mortgage investment held by the Trust or any of the parties to the Material Contracts other than the Trust;
- the entering into of an arrangement in which a non-Independent Trustee or an officer of the Trust has a material interest; and
- the enforcement of any agreement entered into by the Trust with a non-Independent Trustee or an officer of the Trust, or an affiliate or associate of such party, including Centurion Apartment REIT.

### **Audit Committee**

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three (3) Trustees, the majority of whom shall be Independent Trustees. The Audit Committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the Trust's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of its financial statements. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas, for the selection of the Trust's independent auditors and for the approval of all non-audit services for which the auditors may be engaged. All members of the Audit Committee must be financially literate within the meaning of applicable securities laws.

The Audit Committee is responsible for monitoring compliance with a Code of Conduct and Ethical Behaviour adopted by the Trustees and for establishing a procedure for the anonymous and confidential receipt and treatment of concerns or complaints received regarding accounting and related financial reporting matters (a "whistle blowing" procedure).

The auditors are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so, requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the Independent Trustees who are members of the Audit Committee. The auditors or a member of the Audit Committee may call a meeting of the Audit Committee on not less than 48 hours' notice.

The Audit Committee is made up of the following individuals:

- Graham MacDonald McBride, Chairperson
- Ansil Kenneth Miller, Member

- John Frederick Kenneth Robertson, Member

### **Investment Committee**

The Declaration of Trust requires the creation of an Investment Committee for the Trust to be established by the Board of Trustees to:

- (a) review, approve and make Investments on behalf of the Trust that:
  - (i) fall within the Investment Guidelines of the Trust; and
  - (ii) are below the prescribed limits (the "sub limits") set by the Board of Trustees from time to time; and
- (b) pre-screen potential Investments that are above the sub limits; and
- (c) recommend or refer Investments to the Board of Trustees for their consideration.

As at the date hereof, the Investment Committee is authorized to approve individual Investments up to an amount equal to the lesser of 5% of the Fair Market Value of the Trust or \$5 million that fit within the Investment Guidelines. The sub limits to which the Investment Committee is subject are reviewed periodically by the Board of Trustees and may be increased or decreased by the Trustees at their discretion from time to time.

The Chairperson must be independent of the Asset Manager and may be either an Independent Trustee or an appointee of the Independent Trustees who is independent of the Asset Manager. The Chairperson has the discretion to (i) approve an investment within the sub limits of the Investment Committee, (ii) recommend or refer an investment that is above the sub limits to the Board of Trustees, or (iii) refer an investment that is within the sub limits of the Investment Committee to the Board of Trustees for their approval. An investment that does not have the approval of the Chairperson must have the approval of the

Board of Trustees to proceed. In effect, any investment brought to the Investment Committee must have the approval of the Chairperson, who is independent of the Asset Manager, to proceed, otherwise such investment must be approved by the Board of Trustees.

All investments approved by the Investment Committee will be reviewed by the Board of Trustees at a subsequent Board of Trustees meeting.

The Investment Committee evaluates the possible risks assumed by the Trust for different types of Investment transactions. It is also responsible for making final decisions on the use of funds within the sub limits as determined by the Board of Trustees, although the Investment Committee may refer Investments within the sub limits to the Board of Trustees for their approval. The sub limits set by the Board of Trustees from time to time may include such restrictions as the Trustees determine, including, but not limited to, restrictions as to the investment type, investment sector and geography. The Investment Committee has the authority to make a final decision on approval or rejection of proposed transactions as well as to establish, subject to the investment guidelines, further risk limits or investment criteria within the sub limits set by the Board of Trustees.

The minimum number of Investment Committee members is one independent member. There is no maximum number of Investment Committee members and the membership will be determined from time to time by the Trustees.

The Investment Committee is made up of the following individuals:

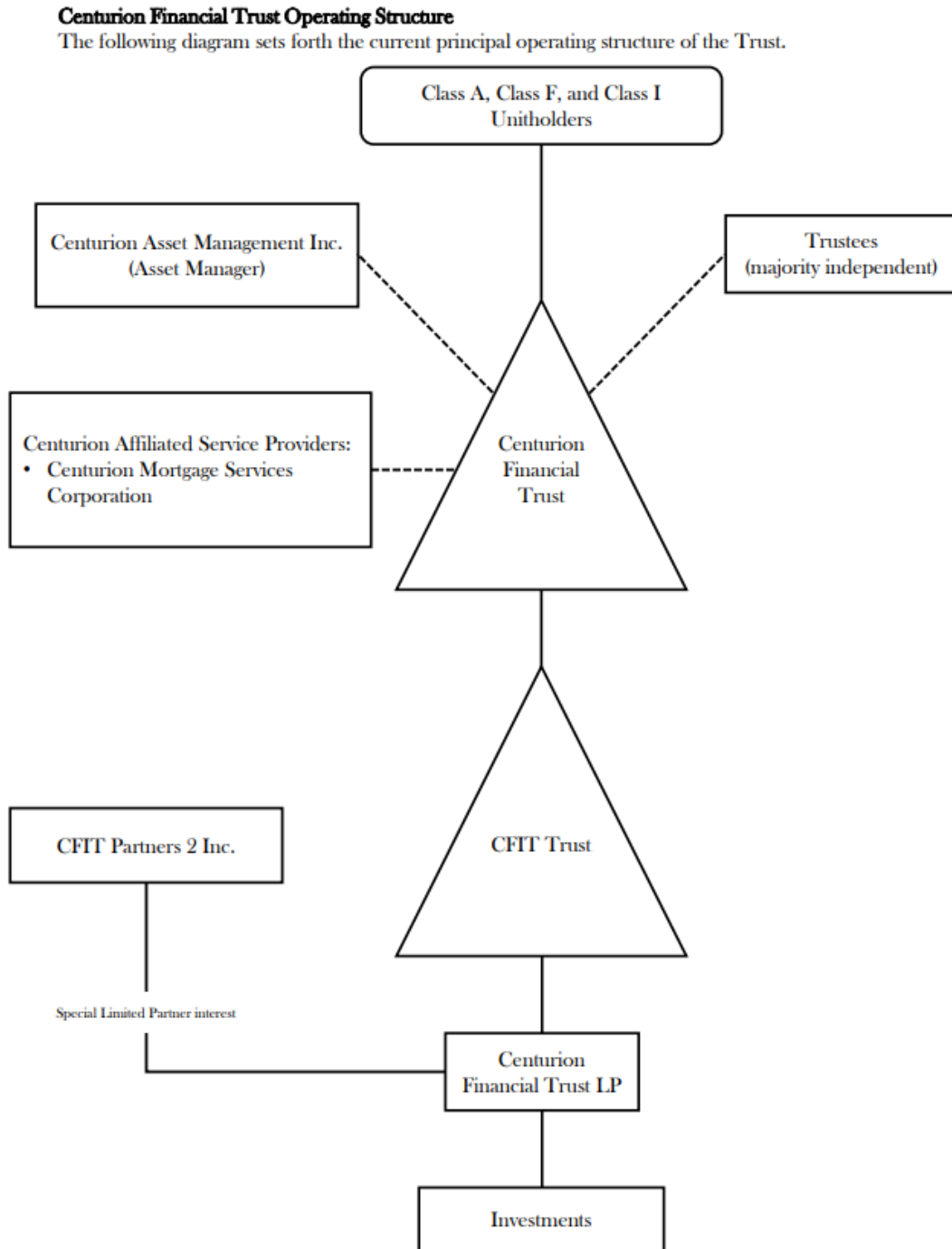
- Gregory Gunter Romundt, Member
- Stephen Douglas Stewart, Member
- Daryl Wilson Boyce, Member
- Ryan Dustin Kauder, Member
- Ansil Kenneth Miller, Chairperson
- Graham MacDonald McBride, Michael Gerard LeClair, John Frederick Kenneth Robertson - Rotating Members

### **Additional Committees**

The Declaration of Trust provides that the Trustees may create such Additional Committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the Trust, provided that the Trustees may not delegate to any committee any powers or authority in respect of which a board of directors of a corporation governed by the Canada Business Corporations Act may not so delegate.

### Centurion Financial Trust Operating Structure

The following diagram sets forth the current principal operating structure of the Trust.



The Trust owns all of the units of CFIT, an unincorporated trust governed by the laws of the Province of Ontario. In addition to making investments indirectly through CFIT and CFIT LP, the Trust may make any investments directly or indirectly through another entity or structure that holds such investments and to which the Trust obtains exposure.

## **The Asset Manager**

The Asset Manager is a corporation existing under the laws of the Province of Ontario and is engaged for the purpose of managing the day-to-day operations of the Trust and its subsidiaries including sourcing and conducting due diligence on new investments, dispositions of investments, and providing advice and guidance. It is registered as an exempt market dealer, investment fund manager, and a restricted portfolio manager in certain jurisdictions in Canada.

The director and senior officer of the Asset Manager has been involved in a broad range of lending and/or investment management activities over the past twenty years. The name and municipality of residence, office held with the Asset Manager and principal occupation of the director and senior officer of the Asset Manager are as follows:

- Gregory Gunter Romundt, Grand Cayman, Cayman Islands, President of the Asset Manager

### **The Asset Manager's Duties**

The Asset Manager manages the day-to-day activities of the Trust. Among other duties, the Asset Manager is responsible for: identifying investment opportunities that meet the Investment Guidelines set out in the Declaration of Trust; providing the Investment Committee and Trustees with information and advice relating to proposed investments, acquisitions, dispositions and financings; supervising the due diligence required in connection with proposed investments and supervising the completion of any resulting transactions; and directing and supervising the Investment Advisor. Unless otherwise determined by the Trustees, the Asset Manager has the authority to approve any single investment of up to \$1 million by the Trust, provided such investment is otherwise within the Investment Guidelines.

### **The Asset Manager Agreement**

The Asset Manager manages the day-to-day operations of Centurion Financial Trust and its subsidiaries pursuant to the Asset Management Agreement, which was amended and restated as of September 1, 2023 in connection with the transfer to the Asset Manager of the asset management personnel previously employed by Centurion Asset Management GP Inc., an entity that was co-owned by Centurion Apartment REIT and CFIT. Following the transfer, CFIT does not have an internal management team and the Asset Manager is required under the Asset Management Agreement to provide the services of a senior management team to CFIT. The Asset Management Agreement is for an indefinite term commencing on September 1, 2023 and continuing until the Asset Management Agreement terminates in accordance with the terms and provisions in the Asset Management Agreement.

### **The Asset Manager's Fees and Carry Allocations**

In consideration for the services provided by the Asset Manager to CFIT, and pursuant to the Asset Management Agreement, the Asset Manager is entitled to a 1.50% per annum asset management fee (plus HST) on Net Asset Value payable monthly based on the number of Investor Units outstanding at the beginning of the month and before giving effect to any accruals for such asset management fee or the Carry Allocation (as defined below) or any distributions in respect of such month. If and to the extent that the Asset Manager or any person affiliated with the asset manager renders services to CFIT in addition to those specifically required to be rendered under the Asset Management Agreement, such services will be compensated separately as agreed to be paid by the Independent Trustees on the basis of fees which are at least favourable to CFIT as those then generally charge for comparable services and activities.

Additionally, pursuant to the amended and restated (September 1, 2023) Centurion Financial Trust Limited Partnership Agreement, the Special Limited Partner, an affiliate of the Asset Manager, has subscribed for a special limited partnership interest that entitles it to receive annual distributions out of the profits of Centurion Financial Trust Limited Partnership equal to 15% on Total Returns once the hurdle internal rate of return of 7.25% per annum has been achieved on the Investor Units (the "Carry Allocation"). The Carry Allocation accrues monthly and is subject to a monthly full recovery lookback and a high water mark. Pursuant to the amended and restated Centurion Financial Trust Limited Partnership Agreement, Centurion Financial Trust Limited Partnership is entitled to redeem the special limited partnership interest for an amount equal to the subscription price paid by the Special Limited Partner on the occurrence of certain triggering events, including a termination of the Asset Management Agreement. If the special limited partnership interest is redeemed due to the termination of the Asset Management Agreement, the Special Limited Partner will continue to be entitled to receive a distribution of its Carry Allocation for the year in which the termination occurs (with the Carry Allocation to be determined as if the relevant year in which the termination occurs ended on the termination date).

Pursuant to the Asset Management Agreement, the Asset Manager assumed responsibility for the personnel costs and related overhead costs incurred from and after September 1, 2023 in respect of the asset management employees transferred to the Asset Manager on September 1, 2023, subject to certain agreed reimbursable expenses, and is not entitled to any acquisition, disposition or development fees. In addition, the Asset Manager redesignated all of the outstanding Class M Units into Class A Units on a one-for-one basis on September 1, 2023 and irrevocably renounced any further entitlement to the issuance or deemed issuance of, or distributions on, Class M Units, such that the Asset Manager no longer holds a non-diluting interest in Centurion Financial Trust.

The amendment and restatement of the Asset Management Agreement and the issuance of the special limited partnership interest in Centurion Financial Trust Limited Partnership in respect of the Carry Allocation was approved by the Independent Trustees and the full Board of Trustees (with Mr. Romundt abstaining due to his interest in the Asset Manager and its affiliates).

### **The Mortgage Servicer**

The Mortgage Servicer is a Corporation governed by the laws of the Province of Ontario. It is registered as a mortgage administrator with the Financial Services Commission of Ontario (License #12390). The Mortgage Servicer is an affiliate of the Asset Manager. The role of the Mortgage Servicer is to, where required, collect mortgage payments and conduct any enforcement activities on behalf of the Trust where a licensed third-party mortgage administrator is not already providing such services. The Mortgage Servicer does not charge a fee to the Trust for any of these services but will be compensated by the Asset Manager. Where there are third parties servicing mortgages of the Trust that charge fees, these fees will be paid by the Trust and the Mortgage Servicer will not charge any markup on these fees if so incurred. Senior management of the Mortgage Servicer includes Gregory Romundt and Stephen Stewart.

## **2.2. The Business**

The Trust is an unincorporated investment trust created by declaration of trust made as of January 3, 2017, as amended and restated on January 13, 2023 (the "Declaration of Trust") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See "Item 5: Securities Offered – 5.1. Terms of Securities".

### **Investment Guidelines and Operating Policies**

The Declaration of Trust contains investment guidelines and operating policies. The investment guidelines include, among other things, criteria with respect to the types of investments that the Trust can acquire and certain other parameters regarding the Trust's investment activities. The operating policies address, among other things, the maximum level of the Trust's debt and the requirements for investment analysis, security, appraisals, insurance coverage, environmental audits and due diligence. The investment guidelines and certain of the operating policies may only be changed upon the approval of a two-thirds majority of the votes cast by Unitholders at a meeting called for such purpose. The remaining operating policies may be changed upon the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

### **Investment Guidelines**

The assets of the Trust may be invested only, and the Trust shall not permit the assets of any subsidiary to be invested otherwise, than in accordance with the following investment guidelines (as more particularly set out in the Declaration of Trust):

- (a) the Trust shall focus its activities primarily on Focus Activities;
- (b) notwithstanding anything in the Declaration of Trust to the contrary, no investment shall be made that would result in:
  - i. Units of the Trust being disqualified for any class of any trust governed by a Registered Plan; or
  - ii. the Trust ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;
- (c) no single asset (except as may otherwise be provided for in the Declaration of Trust), (i) once the Trust has net assets that exceed \$100 million, shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset, if applicable) will exceed 15% of Gross Book Value, and (ii) until such time that the Trust has net assets that exceed \$100 million, no single asset shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset and any transaction expenses, if applicable) will exceed \$15 million;
- (d) the Trust may provide financing solutions for individuals and small and medium sized companies. Such financing solutions may include, but are not limited to the following:
  - i. Financing solutions for business growth, expansions and acquisitions; management and/or shareholder buyouts and refinancing;

- ii. Bridge financing of visible credit raising activities and/or events;
  - iii. Project financing, real estate financing, real estate development financing, contract financing and equipment financing;
  - iv. Accounts receivable financing or factoring, inventory financing and trade financing; and
  - v. Leasing, intellectual property monetization, royalties and securitizations.
- (e) the Trust may provide financing solutions through any conventional or unconventional financing structures including, but not limited to, senior secured term loans, asset backed loans, bridge loans, subordinated loans, mezzanine loans, syndicated loans, preferred shares, royalties, equipment financing arrangements, inventory financing arrangements, factored accounts receivable, conventional and unconventional mortgages, convertible debentures, equity securities, securitizations, and other equity interests or participations;
- (f) Investments may only be made in a joint arrangement if:
- i. the arrangement is in connection with a Focus Activity;
  - ii. the arrangement is with others (“joint arrangement partners”) either directly or through the ownership of securities of or an interest in an entity (“joint arrangement entity”);
  - iii. the interest in the joint arrangement entity is not subject to any restriction on transfer other than a right of first refusal, right of first offer or similar events, if any, in favor of the joint arrangement partners;
  - iv. the Trust has the ability to provide input in the management decisions of the joint arrangement entity; and
  - v. without limitation, any joint arrangement with a Related Party for the purposes of the related party provisions of the Declaration of Trust has been entered into in accordance with such provisions;
- (g) conventional mortgage investments may only be made where:
- i. the security thereof is real property;
  - ii. the security interest includes a mortgage or similar security interest registered on title to the real property which is the security thereof; and
  - iii. the amount of the mortgage investment (not including any mortgage insurance fees incurred in connection therewith) does not exceed 85% of the market value of the real property that is the security thereof;
- provided that nothing herein shall restrict the Trust from making a non-mortgage investment, directly or indirectly, where a portion of the collateral for such investment includes a security interest registered on title to real property;
- (h) Notwithstanding any other provisions of Section 4.1. of the Declaration of Trust (Investment Guidelines), the Trust may invest, either directly or indirectly, in the equity of real estate development projects and opportunities and structure the transaction as a mortgage loan or note which will not be subject to the loan to value limits in Section 4.1. of the Declaration of Trust (Investment Guidelines) (“unconventional mortgages”);
- (i) the Trust may invest in conventional and unconventional mortgages of related entities that do not deal at arm’s length to the Trust provided that:
- i. the mortgage loan bears interest at a commercial rate of interest;
  - ii. the amount of the mortgage loan is not in excess of 90% of the selling price of the property securing the mortgage;
  - iii. the mortgage loan has a maturity not exceeding five years;
  - iv. the mortgage loan is approved by the Independent Trustees; and
  - v. the aggregate value of mortgage loans with related entities that do not deal at arm’s length to the Trust, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of the Trust calculated at the time of such investment;

- (j) notwithstanding any other provisions of Section 4.1. of the Declaration of Trust (Investment Guidelines), for risk management purposes only, the Trust may increase a given investment to more than the limits referred to in (c) above in order to remedy the default by a borrower/counterparty of its obligations in respect of a prior ranking security interest or satisfy the indebtedness secured by a prior ranking security interest or for any other reason if such action is required to, in the opinion of the Trustees, protect the Trust's investment and if such proposed increase in the Trust's investment is approved by Trustees;
- (k) notwithstanding any other provisions of Section 4.1. of the Declaration of Trust (Investment Guidelines), the Trust may participate in an investment on a syndication basis, subject to the approval by the Trustees of the investment amount and the proposed syndication partners;
- (l) notwithstanding any other provisions of Section 4.1. of the Declaration of Trust (Investment Guidelines), the Trust may acquire investments (or exposure to investments) through Approved Warehouse Transactions;
- (m) the Trust shall not enter into any arrangement (including the acquisition of securities for the investment portfolio of the Trust) where the result is a "dividend rental arrangement" for the purposes of the Tax Act;
- (n) the Trust shall not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;
- (o) the Trust shall not invest in any security that would be a "tax shelter investment" within the meaning of the Tax Act;
- (p) notwithstanding any other provisions of the Declaration of Trust, the Trust shall not acquire any securities unless the Trust has appointed a service provider that has the necessary registrations under applicable securities laws to permit the Trust to purchase and hold such securities or is exempt from any such registration requirements;
- (q) notwithstanding any other provisions of the Declaration of Trust, the Trust may hold units or other securities of (i) Centurion Apartment REIT and any other pooled investment vehicle for which the Asset Manager (or an affiliate of the Asset Manager) acts as an adviser and (ii) any other mortgage investment corporation, mortgage investment trust, real estate investment trust, alternative credit investment entity or similar entity; and
- (r) notwithstanding any other provisions of the Declaration of Trust, the Trust may make temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a Canadian Schedule I bank maturing prior to one year from the date of issue.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate consolidation basis. Except as specifically set forth in the Declaration of Trust to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the Trust, but always subject to (a) above.

For greater certainty, the above Investment Guidelines are intended to set out generally the parameters under which subsidiaries or affiliates in which the Trust is permitted to invest will be empowered under their respective constating documents to re-invest. References to the Trust in those paragraphs shall be read as applying to such subsidiary or affiliate where the actual activity that is the subject of the policy is carried on by such subsidiary or affiliate. The Trust will take all commercially reasonable actions required to ensure that all of its subsidiaries and affiliates operate in accordance with the above Investment Guidelines. Further, any determinations in respect of the investment restrictions that are determinations reserved to the Trustees, where the actual activity is carried on by a subsidiary or an affiliate, will be made by the trustees or directors of the relevant subsidiary or affiliates. Nothing in the Investment Guidelines empowers or entitles the Trust or the Trustees to carry on business or to otherwise undertake any activity that would violate the Trust's requirement to maintain its status as a "mutual fund trust" under the Tax Act.

### **Operating Policies**

The operations and affairs of the Trust will be conducted in accordance with the following operating policies and the Trust shall not permit any subsidiary or affiliate to conduct its operations and affairs other than in accordance with the following policies:

- (a) each Investment shall be held by and registered in the name of a corporation or other entity wholly owned directly or indirectly by the Trust or, where applicable, jointly owned directly or indirectly by the Trust with joint arrangement partners (if any), provided that Investments may also be registered in the name of a service provider to the Trust as a nominee of the Trust;

- (b) title to each real property for a mortgage investment shall be held by and registered in the name of a corporation or other entity wholly-owned directly or indirectly by the Trust or jointly owned, directly or indirectly, by the Trust with joint arrangement partner; provided, that where land tenure will not provide fee simple title, (i) a corporation or other entity wholly-owned, directly or indirectly, by the Trust or jointly owned, directly or indirectly, by the Trust with joint arrangement partners, or (ii) by a service provider to the Trust as a nominee of the Trust, shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value would be more than 75% for indebtedness, including amounts drawn under an acquisition facility, provided that for the purposes of the foregoing, indebtedness shall exclude any obligations of the Trust under or arising out of Approved Warehouse Transactions (including any obligations to purchase any warehoused investments on demand);
- (d) subject to the approval of the Trustees, the Trust may, directly or indirectly, guarantee any indebtedness, liabilities or other obligations of any kind of a third party, where such indebtedness, liabilities or other obligation, if granted, incurred or assumed by the Trust directly, would not cause the Trust to otherwise contravene the restrictions set out in the Investment Guidelines described above.
- (e) in accordance with the Declaration of Trust, the Trust shall form the Investment Committee, which Investment Committee shall have the rights and responsibilities set out the Declaration Trust, as described under "Item 2: Business of Centurion Financial Trust - 2.1. Structure - Investment Committee"; and
- (f) the Trust may engage service providers, including asset managers, investment advisors, investment dealers and mortgage managers under terms and conditions acceptable to the Trustees. As at the date hereof, the Trust has engaged CAMI by the terms of the Trust Asset Management Agreement, which agreement shall remain in full force and effect until terminated by a party thereto in accordance with its terms.

For greater certainty, the operating policies above are intended to set out generally the parameters under which the Trust (and subsidiaries and affiliates in which the Trust is permitted to invest) will operate. References to the Trust in those paragraphs shall be read as applying to the subsidiary or affiliate that actually carries on the activity that is the subject of the policy on behalf of the Trust (with the exception of (c) which is only intended to apply to the Trust). Further, any determinations in respect of the operating policies that are determinations reserved to the Trustees, where the actual activity is carried on by a subsidiary, will be made by the trustees or directors of the relevant subsidiary. Nothing in the above operating policies empowers or entitles the Trust or the Trustees to carry on business or otherwise undertake any activity that would violate the Trust's requirement to maintain its status as a "mutual fund trust" under the Tax Act.

For the purposes of the foregoing investment guidelines and operating policies, the assets, indebtedness, liabilities and transactions of a corporation, partnership or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint arrangement. A "joint arrangement" means an arrangement through which two or more parties have joint control that has the following characteristics: (a) the parties to the arrangement are bound by a contractual agreement, (b) the contractual agreement gives two or more of those parties joint control of the arrangement, and (c) is either a joint operation or a joint venture.

In addition, the term "indebtedness" means (without duplication):

- i. any obligation of the Trust for borrowed money;
- ii. any obligation of the Trust incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;
- iii. any obligation of the Trust issued or assumed as the deferred purchase price of property;
- iv. any capital lease obligation of the Trust; and
- v. any obligation of the type referred to in clauses (i) through (iv) of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible for or liable;

provided that (A) for the purposes of (i) through (iv), an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles; (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business, and (C) indebtedness shall exclude any obligations of the Trust under or



arising out of Approved Warehouse Transactions (including any obligations to purchase mortgage or other investments on demand).

### Investment Committee

The Trust will establish an Investment Committee to review, approve and make investments that are in accordance with the Trust's investment guidelines. The Investment Committee Charter is outlined below:

#### Section 1 Purpose.

The Investment Committee (the "Committee") is a committee of the Trust established by the Board of Trustees of the Trust. The Board of Trustees established the Investment Committee to:

- Review, approve and make investment decisions on behalf of the Trust that:
  - fall within the Investment Guidelines of the Trust, as set out in the Declaration of Trust; and
  - fall within the prescribed limits (the "sub limits") set by the Board of Trustees from time to time; and
- Pre-screen potential Investments that exceed the sub limits;
- Recommend or refer Investments exceeding the sub limits to the Board of Trustees for their consideration; and
- Review and approve minor amendments to Investments previously approved by the Board of Trustees, subject to limits described below.

#### Section 2 Sub Limits.

The Investment Committee shall be authorized to approve any individual Investment that fits within the criteria established by the sub limits.

The sub limits for each Investment are:

- Such Investment must have a purchase price equal to the lesser of (i) 5% of the Fair Market Value of the Trust or (ii) \$5 million;
- Such investment complies with the Investment Guidelines of the Trust.

The Investment Committee shall be authorized, in respect of Investments not exceeding the sub limits before or after amendment, to approve any required minor amendments as necessary, and in respect of Investments exceeding the sub limits before or after amendment, to approve any required minor amendments thereto, subject to the following limits:

- Amendments to the Investment size of up to \$1 million, including additional principal and/or interest capitalization;
- Amendments to Investment term of up to 12 months;
- Amendments to interest rate of up to 100 basis points;
- Amendments to security considered minor, substituting collateral in a non-material way; changing guarantees in a non-material way,
- Amending conditions, including reporting conditions, and/or conditions precedent to funding in a non-material way; and
- Amending the capital stock provided the Trust's exposure remains substantially the same.

Any such amendment approved by the Investment Committee shall require ratification by the Board of Trustees at the next following meeting.

The Asset Manager shall be authorized to approve any individual investment with a purchase price of \$1 million or less that fits within the investment guidelines of the Trust, subject to ratification by the Investment Committee at the next following meeting of the Investment Committee.

The Asset Manager shall be authorized to approve amendments of the following nature to approved investments:

- Amendments to the investment size of up to \$250,000, including additional principal and/or interest capitalization;
- Amendments to investment term of up to 6 months;
- Amendments to interest rate of up to 25 basis points.

Any such amendments to investments approved by the Asset Manager shall require ratification by the Investment Committee at the next following meeting.

### Section 3 Composition and Meetings.

The Investment Committee shall be composed of, at a minimum, at least one Trustee that is an Independent Trustee or a delegate chosen by a majority of the Independent Trustees that is independent of the Trust and CAMI (or its successor) and such Independent Trustee or delegate thereof shall be the chairperson of the Investment Committee (the "Chairperson").

There shall be no maximum number of members of the Investment Committee in addition to the Chairperson.

No business of the Investment Committee may be transacted except at a meeting of its members at which the Chairperson is present or by a resolution in writing signed by the Chairperson. The Chairperson shall constitute a quorum of the Investment Committee, provided that Chairperson will take reasonable efforts to allow other members of the Investment Committee the opportunity to attend meetings of the Investment Committee.

The Chairperson may be removed or replaced at any time by a majority of the Independent Trustees and shall cease to be a member of the Committee upon ceasing to be a trustee.

Any member of the Investment Committee may be removed or replaced at any time by the Chairperson. Each member of the Investment Committee shall hold such office until he or she resigns or is removed from the Investment Committee.

The Committee will meet as many times as is necessary to carry out its responsibilities.

Meetings will be at the call of the Trustees, the Asset Manager, the Chairperson or any other member of the Investment Committee.

The Chairperson shall be entitled to receive such remuneration for acting as the chairperson of the Committee as the Board of Trustees may from time to time determine.

### Section 4 Chairperson.

a) The Chairperson has the discretion to:

- (i) approve an investment within the sub limits of the Investment Committee;
- (ii) recommend or refer an investment that is above the sub limits to the Board of Trustees;
- (iii) refer an investment that is within the sub limits of the Investment Committee to the Trustees for their approval.

b) An investment that does not have the approval of the Chairperson must have the approval of the Trustees to proceed.

### Section 5 General

Role. The Committee should:

- Review the investments of the Trust to ensure that such investments comply with the Investment Guidelines of the Trust;
- Review this Charter and the sub limits and recommend to the Board of Trustees changes to this Charter and/or the sub limits, as considered appropriate from time to time;
- Report to the Board of Trustees on:
  - the business conducted at meetings of the Committee and any material decision reached by the Committee; and
  - the investments of the Trust.

### Section 6 General.

a) Notwithstanding the appointment of the Committee and the granting of any authority, the Trustees may consider and approve or disapprove any matter which the Committee has the authority to consider or approve.

b) The Committee is a committee of the Board of Trustees and it is not and shall not be deemed to be an agent of the Trust's Unitholders for any purpose whatsoever. The Board of Trustees may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. No provision contained herein is intended to give rise to civil liability to security holders of the Trust or any other liability whatsoever.

- c) The duties of the Committee may be changed from time to time by the Trustees and shall be subject to such authority as may be delegated from time to time to officers of the Trust without requiring the approval of or review by the Trustees or the Committee.

### **2.3. Development of Business**

#### **Background of Centurion Financial Trust**

The Asset Manager manages a diversified portfolio of income producing multi-unit residential properties, student housing and mortgages and real estate developments in Canada. Its mortgage investment portfolio is primarily made up of loans to real estate borrowers and/or properties that may not otherwise qualify for a loan from major bank lenders. With tightening regulations, the major banks have less appetite and capability to meet the needs of an increasing number of borrowers. These tightening lending standards extend beyond real estate and are particularly acute for small and medium sized corporate borrowers.

The Asset Manager, in surveying the lending landscape, concluded that the market for alternative credit is highly fractured. Most lenders tend to specialize in a singular structure, for example, in real estate loans, factoring, royalties, mezzanine debt, junior debt or other specific niches. This has meant that borrowers have had to find a capital provider that can work with their needs that fits the particular niche of the capital provider. In other words, borrowers have to accept a capital solution that fit their lender as opposed to the lender meeting the needs of the borrower. The core need of borrowers is for an alternative to the bank, not beholden to a particular structure. The Asset Manager believes that not only is there demand from borrowers for a needs-based diversified alternative to bank loans, but that there is demand from investors for a diversified portfolio of alternative credit investments.

Rather than seeking to broaden the mandate of its existing mortgage fund to include corporate credit, the Asset Manager determined that its preferred course to pursue a more broadly diversified alternative credit mandate was to hire an experienced corporate credit team to support the mandate and to launch Centurion Financial Trust.

Management has identified an inefficient market and the need for private debt solutions and opportunities for small and medium sized corporations in North America that are under-served by traditional lending providers due to capital and increased regulatory constraints. As outlined in a July 23, 2015 report from Deloitte - Financing the Economy 2016, alternative lenders have stepped into providing companies and private equity sponsors with debt offerings as banks adjust their lending strategies in light of Basel III capital requirements.

The Trust will provide financing solutions for a range of purposes including, but not limited to, business growth and expansion, acquisitions, management of shareholder buyouts and refinancing to small and medium companies in addition to mortgage loans and opportunistic real estate investments.

In addition to the above, bridge financings of viable capital raising activities and events, project finance, contract finance, equipment finance and accounts receivable or factoring may all be financing solutions that the Trust will provide.

Management believes that Centurion Financial Trust will be able to take advantage of this inefficient market and provide alternative credit solutions to a variety of borrowers. Through the application of good credit acumen and extensive due diligence, Centurion Financial Trust will provide risk mitigated lending solutions to borrowers that are appropriately structured and priced to meet the Trust's intended returns.

As at December 31, 2023, the trailing twelve month returns of the Class A and Class F Units were 5.03% and 6.16% respectively.

The Trust's investment assets are made up of corporate debt investments (70.0%) and real estate investments (32.0%). The corporate debt investments can further be broken down by sector: Health Care (27.3%), Power Generation (23.9%), Sports and Entertainment (3.7%) and Food & Beverages (44.1%). Total assets as at December 31, 2023 were \$37.9 million.

As at December 31, 2023, net comprehensive income increased to \$4.3 million from \$2.7 million in 2022. Interest income on corporate debt investments increased from \$6.4 million to \$6.7 million due to rising interest rates of debt investments.

The Trust's corporate debt investments and real estate investments have a weighted-average interest rate of 13.31% and a weighted- average contractual term-to-maturity of 0.99 years.

The Trust has exposure to real estate investments in a range of mortgage investments including, but not limited to, construction loans for purpose-built rental apartments and student housing buildings, development and pre-construction loans, and other growth-oriented real estate investment opportunities.

These investments are considered well-secured and offer a return consistent with the Trust's targeted return.

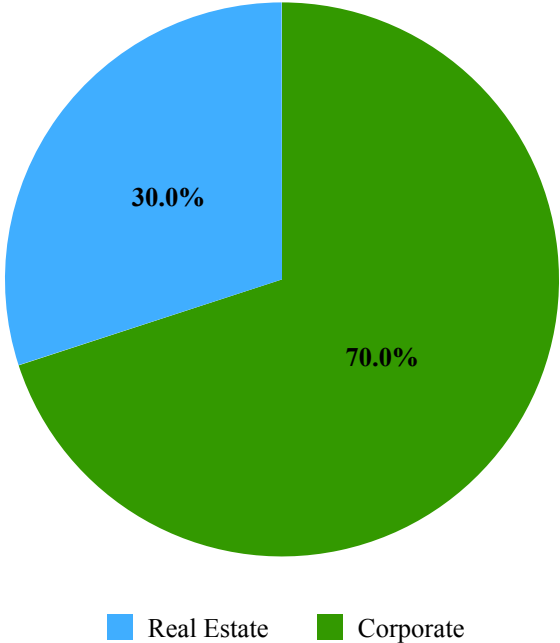
With the merger of Centurion REOT with Centurion Apartment REIT completed on January 1, 2021, the Trust holds its real estate debt investments through the holding of a proportionate share of a set group of real estate debt investments that are held in the Centurion Apartment REIT.

The Trust continues to expand upon the successful syndication of a number of investments. Having co-investors enables the Trust to attract larger investment opportunities and at the same time, derive agency fee income as a means of further enhancing the Trust's returns provided to investors. To further its success in this area, the Trust routinely interacts with family offices, high net worth investors, life insurance companies, and large pension plans regarding their areas of interest in private debt investments.

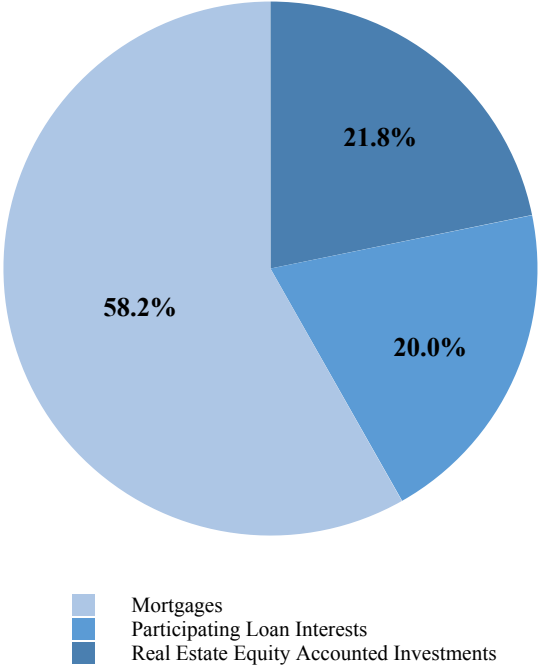
Overall, the Trust looks to continue to differentiate itself amongst alternative debt providers by having a team of highly experienced lending professionals originating, structuring, and underwriting a sustainable pipeline of corporate debt and real estate investments.

Leveraging off Centurion's existing network, the Trust raised approximately \$0.9 million net of issue costs of new capital from external investors as at December 31, 2023. The Trust was approved on 34 platforms made up of 18 IIROC Dealers, 14 Exempt Market Dealers, and 2 MFDA Dealers. The Trust will continue to penetrate the marketplace and raise capital in 2024.

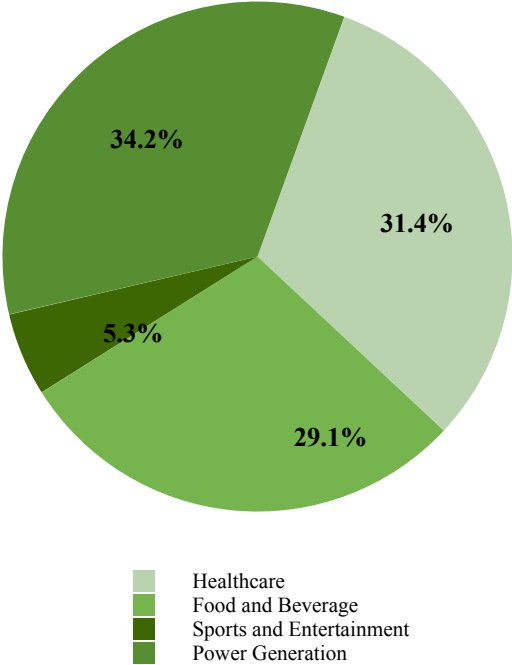
**Centurion Financial Trust Investments**



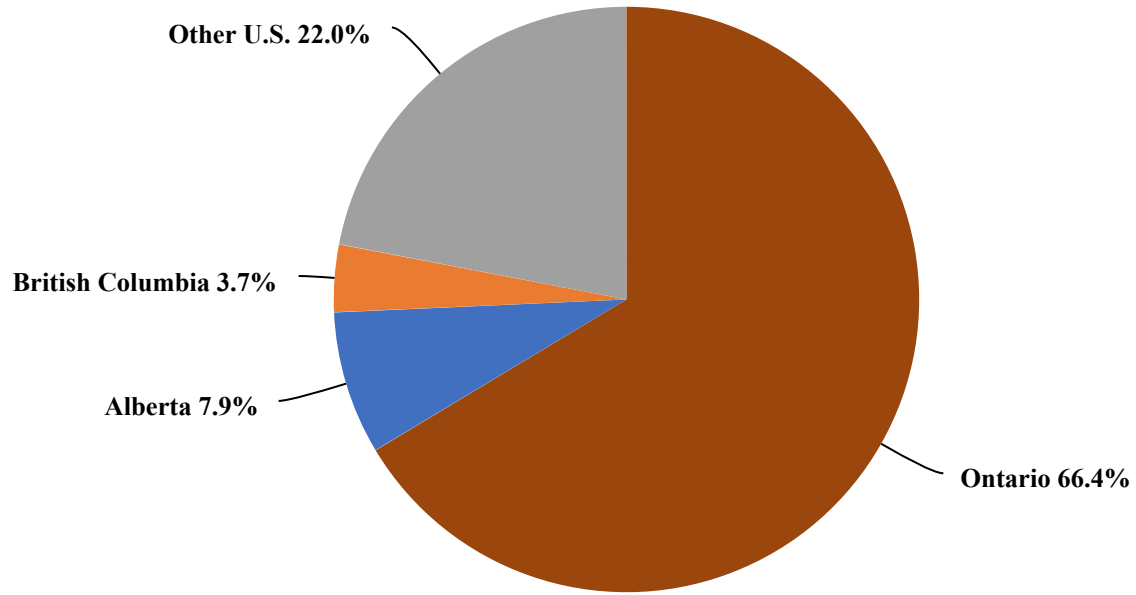
**Real Estate Investments by Type**



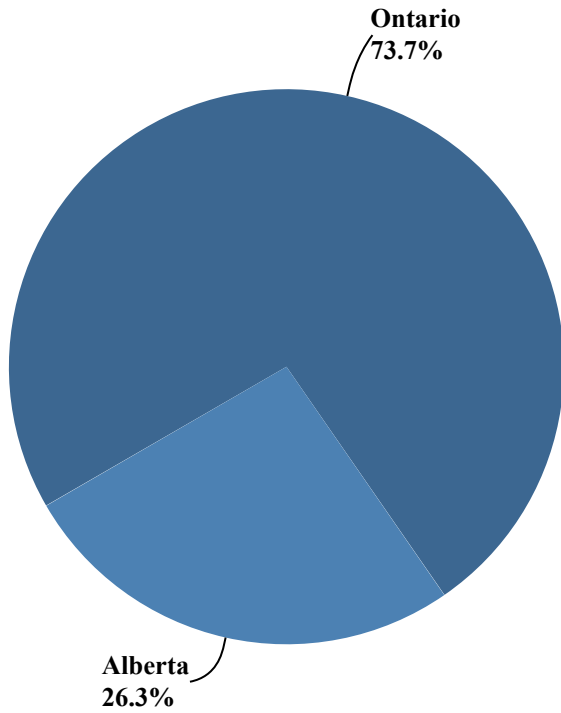
**Corporate Debt by Industry**



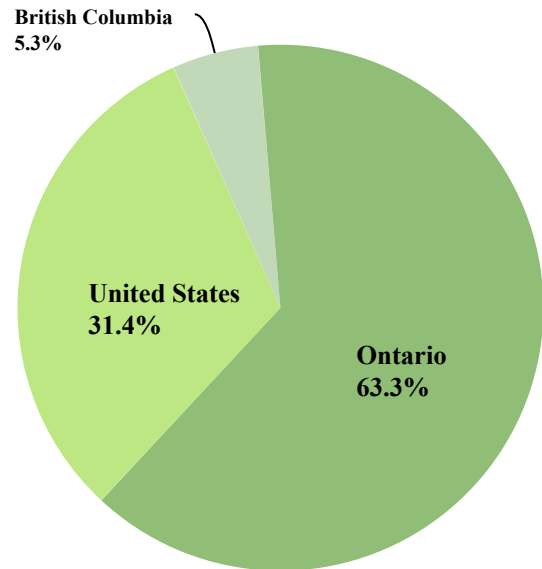
### CFIT Investments by Geography



### Real Estate Investments by Geography



### Corporate Investments by Geography



## 2.4. Long-Term Objectives

The long-term (ongoing) objectives of the Trust are to provide Unitholders with income (payable monthly) and capital growth from a diversified portfolio of a broad mix of Investments made to companies and individuals based primarily in Canada and the United States that need flexible solutions and are underserved by traditional financial institutions. In order for the Trust to accomplish its long-term objectives, the following must occur:

- (a) the Trust must complete its short-term objectives described under “2.5. Short-Term Objectives below; and
- (b) Management, the Asset Manager and the Investment Advisor must prudently manage the affairs of the Trust and the Portfolio on an ongoing basis.

### Management and Investment Strategy

The Asset Manager has significant experience in originating, underwriting and adjudicating mortgage loans, real estate development investments, business loans, alternative credit investments, and other Investments. Such individuals have broad referral relationships to originate a wide variety of investment opportunities for the Trust.

### Conflicts of Interest and Allocation of Investment Opportunities

Centurion Apartment REIT and the Trust each operate independently from one another and have separate boards of trustees, with Mr. Gregory Romundt serving as a trustee for each of the Trusts. The Declaration of Trust contains “conflict of interest” provisions requiring Trustees to disclose material interests in Material Contracts and transactions and to refrain from voting thereon. Where there is a material risk of damage to the Trust arising from any conflict of interest, this conflict will be managed to prevent the conflict from adversely affecting the interests of the Trust, including by reference to the Independent Trustees.

There may be instances in which CFIT and Centurion Apartment REIT have an interest in the same investment opportunity. For example, Centurion Apartment REIT may invest in long term real-estate properties and the Trust may from time to time invest in Mortgage Assets. In the event that Centurion Apartment REIT and CFIT are both interested in pursuing the same investment opportunity, the Asset Manager will seek to allocate investment opportunities on a basis which it determines to be fair and reasonable. However, there is no requirement that the Asset Manager allocate investment opportunities on a pro rata basis between CFIT and Centurion Apartment REIT. Additionally, there may be situations where an investment opportunity is allocated to Centurion Apartment REIT despite CFIT having an interest in such investment opportunity, and vice versa. See “RISK FACTORS – Allocation of Investment Opportunities”.

### Warehouse Agreement

The Trust has entered into a Warehouse Agreement, pursuant to which Centurion Apartment REIT (“Warehouse Lender”) has entered into an agreement to potentially fund (purchase) and warehouse certain Investments originated by (or on behalf of) the Trust (the “Warehoused Investments”). The Warehouse Agreement (i) provides the Trust with a non-committed funding facility to fund certain Investments originated and placed directly or indirectly by, or on behalf of, the Trust, provided such Investments comply with the investment guidelines of the Warehouse Lender, if applicable, (ii) provides that the Warehouse Lender is the beneficial owner of any Warehoused Investments with all returns flowing to the applicable Warehouse Lender, and (iii) grants the Trust an option to repurchase Warehoused Investments funded (purchased) under the Warehouse Agreement at any time by payment with cash of the Warehouse Lender, if applicable. The purchase price for the Warehoused Investments will be the outstanding principal balance owing to the Warehouse Lender in respect of each Warehoused Investment, plus all interest attributable accrued and unpaid on such Warehoused Investment calculated as at the time of the purchase or determined on a case-by-case basis at the time the Investment is warehoused, depending on the nature of the Warehoused Investment in each case, as the Trust and the Warehouse Lender may agree.

The Warehouse Agreement also provides the Warehouse Lender with an option to sell any Warehoused Investments to the Trust (i) on 180 days’ prior notice for any Warehoused Investments that remain in good standing, (ii) immediately (within three (3) Business Day) for any Warehoused Investments that have been noted in default or that have otherwise experienced a negative credit or other event, as set out in the Warehouse Agreement, or (iii) on thirty (30) days’ prior notice where the Trust has provided a notice to terminate the Warehouse Agreement.

The Warehouse Agreement requires, unless otherwise agreed by the Trust and the applicable Warehouse Lender, that the Warehoused Investments other than any units of Centurion Apartment REIT funded or purchased by the Warehouse Lender be purchased by the Trust on a “first in, first out” basis.

The Trust expects to make use of the facility under the Warehouse Agreement to fund certain Investments in order to (i) permit the continuous deployment of capital and (ii) avoid a reduction of returns associated with delays in the deployment of equity capital that needs to be raised to fund Investments. None of the Warehouse Lenders are required to fund (purchase) any Investments pursuant to the applicable Warehouse Agreement and has made no commitments to do so. Any funding decision of Centurion Apartment REIT is made independent of the Trust by the independent trustees of Centurion Apartment REIT, provided that the independent trustees of each of Centurion Apartment REIT may set parameters pursuant to which such funding decisions are delegated to the Asset Manager (or any successor asset manager of Centurion Apartment

### **Targeted Investments**

The Trust currently intends to provide a diversified portfolio of a broad mix of Investments made to companies and individuals based primarily in Canada and the United States that need flexible financing solutions. The Trust is not restricted in the types of Investments that it may hold and intends to be opportunistic when selecting Investments, however, the Trust currently expects to target the following type of Investments for inclusion in its investment portfolio:

- Senior secured credit facilities
- Subordinated or mezzanine credit facilities
- Mortgage investments
- Construction loans for purpose-built rental apartments and student housing buildings
- Developer and builder pre-construction loans
- Other growth-oriented real estate opportunities

Description of each of the current investment target follows:

#### **Senior Secured Credit Facilities**

The conventional sources for senior secured credit facilities for small and medium sized companies include Commercial Banks, Commercial Finance Companies (“CFCs”) and Asset Based Lenders (“ABLs”). As a result of increased regulatory constraints (e.g., Basel III), the Asset Manager believes credit appetites have restricted the availability of financing from Commercial Banks. The Asset Manager further believes that a large number of small and medium sized corporations are seeking an alternative financing provider that goes beyond the structured lending approach often employed by CFCs and ABLs.

The Asset Manager believes there is a market need for an alternative financing service that offers financing solutions based on borrower’s needs rather than fitting borrowers into pre-set lending structures, with many of the CFC or ABL structures based solely on the value of a particular asset rather than an understanding of the business and its prospects. In addressing the market need within the Trust, the Asset Manager recruited an experienced team of senior commercial lenders that have a track record of developing a deep level of understanding of companies and their management and designing financing solutions that are appropriately structured, secured and risk mitigated.

#### **Subordinated or Mezzanine Credit Facilities**

The Asset Manager believes there is a funding gap for successful small and medium sized companies, with the funding gap existing between commercial bank debt and equity capital, with a natural hesitancy amongst the owners and/or founders to pursue highly dilutive and interventionist private equity sponsor capital. While private equity sponsors have been successful in acquiring larger companies, and orchestrating such value enhancing strategies such as industry roll-ups, the Asset Manager believes a market need exists for non-dilutive financing solutions that may involve flexible structures such as economic participations by way of preferred shares and/or royalty interests, subordinated loans or debentures, or mezzanine loans for small and medium sized companies. As with the alternative financing service and approach and development of collaborative business relationships based on developing a deep level of understanding of management and their business, the Trust will design subordinated or mezzanine credit facilities that reflect the application of strong credit acumen and diligence, while aligning the Trust’s interests with management with minimal and/or no equity dilution.



## **Mortgage Investments**

The traditional sources of real estate mortgage financing include Schedule I and II banks, trust companies, insurance companies and pension funds (“Institutional Lenders”). The larger Institutional Lenders in Canada are generally focused on mortgage loans that comply with lending criteria established by the Canadian banks which are often restrictive. These criteria became much more restrictive after the 2008 credit crisis, resulting in a pullback by traditional lending sources from the mortgage market in general and in particular the commercial mortgage market. Due to the focus of large financial institutions on limited types of mortgage loans and increasingly conservative loan exposure levels, the Asset Manager believes quality lending opportunities exist in some under-serviced segments of the mortgage market at premium interest rates secured by high quality mortgage loans. Below are the areas of focus for the Trust in the mortgage market.

### **Construction Loans for Purpose-Built Rental Apartments and Student Housing Buildings**

Mortgage financing to support the construction of purpose-built rental apartments and student housing buildings is provided on a strictly limited basis by only a few Institutional Lenders, primarily a few of the Schedule I and Schedule II banks and some trust companies. Despite vacancy rates upon completion and stabilization for these types of projects remaining extremely low, these lending institutions are very conservative and limited in the amount of financing they will provide. The Asset Manager believes that this will allow the Trust to potentially find an abundance of investment lending opportunities on high quality projects, typically structured as either first or second mortgages, in particular for those projects which Centurion Apartment REIT may have an interest in acquiring upon completion. The Asset Manager expects that the loan exposure levels provided by the Trust are typically well within the price point at which Centurion Apartment REIT would be interested in acquiring the completed projects.

### **Developer and Builder Pre-Construction Loans**

Builders and developers require loans to acquire land to build low rise and high-rise developments. The Institutional Lenders lend on a very limited basis on land, presenting potentially attractive lending opportunities to the Trust.

### **Other Growth-Oriented Real Estate Opportunities**

The Asset Manager believes that in the course of pursuing its core targeted Investments that it will be presented with other attractive growth-oriented real estate investment opportunities (including real estate development opportunities). The Asset Manager is regularly being presented with attractive opportunities outside of the multi-residential apartments and student housing areas. The Asset Manager intends to be opportunistic in considering other growth-oriented such real estate investment opportunities as they present themselves. See “Item 10: Risk Factors – Broad Investment Mandate”.

## **2.5. Short-Term Objectives**

The Trust’s objectives over the next twelve months are to raise sufficient funds to continue to create a diversified portfolio of Investments and to build a Unitholder base. The Asset Manager has significant relationships with registered dealers and advisors and has a large, diversified client base from its management of Centurion Apartment REIT. The Asset Manager anticipates that it will be successful in getting the Trust approved on a number of registered dealer platforms and that it will attract interest from its existing client relationships for the Trust.

## **2.6. Insufficient Funds**

The funds raised by the Trust pursuant to the Offering may not be sufficient to accomplish all of the Trust’s proposed objectives and there is no assurance that alternative financings will be available.

## **2.7. Additional Disclosure for Issuers Without Significant Revenue**

Not applicable.

## **2.8. Material Contracts**

The following is a list of all material documents (collectively, the “Material Contracts”) related to the Trust:

1. The Declaration of Trust of the Trust (described under “Item 2: Business of Centurion Financial Trust – 2.1. Structure”);
2. The Asset Management Agreement (described under “Item 2: Business of Centurion Financial Trust – 2.1. Structure”);
3. The Centurion Financial Trust Limited Partnership Agreement (described under “Item 2: Business of Centurion Financial Trust – 2.1. Structure”); and

4. The Warehouse Agreement (described under “Item 2 – Business of Centurion Financial Trust - 2.4. Long-Term Objectives – Warehouse Agreement”).

The Material Contracts are available for review by potential investors at the offices of the Asset Manager. The Declaration of Trust is available online at [www.centurion.ca](http://www.centurion.ca).

## 2.9. Related Party Transactions

Not Applicable.

## ITEM 3: COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

### 3.1. Compensation and Securities Held

A person who is employed by and receives salary from the Trust, the Asset Manager or any of their affiliates does not receive any additional remuneration from the Trust for serving as a Trustee or executive officer. The Independent Trustees of the Trust are paid trustee fees of \$30,000 each per annum.

The Chair of the Investment Committee will be paid an amount per annum to be determined by the Board of Trustees.

The following chart discloses the names, municipalities of residence, positions, compensation, and securities held by each of the Trustees, executive officers and principal holders of Units of the Trust. For a discussion of fees paid to the Asset Manager see “Item 2: Business of Centurion Financial Trust – 2.1. Structure – The Asset Manager’s Fees”.

Name and Municipality of Residence	Positions Held	Compensation Paid by the Trust or a Related Party in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number and Type Securities of the Held as April 1, 2024	
			Class A Units	Class R Units
Gregory Gunter Romundt Grand Cayman, Cayman Islands	President, Chief Executive Officer and Trustee	2024 - Nil (1) 2023 - Nil	50,000	11,816.60 Class R Units
Robert Kennedy Orr (2) Toronto, Ontario	EVP, Chief Financial Officer, and Chief Compliance Officer	2024 - \$400,000 2023 - \$790,159	Nil	Nil
Stephen Douglas Stewart (3) Toronto, Ontario	EVP of Mortgage Investments and Joint Ventures and Trustee	2024 - \$250,000 2023 - \$1,498,170	Nil	Nil
Daryl Wilson Boyce (4) Toronto, Ontario	EVP, Corporate Finance and Trustee	2024 - \$232,522 2023 - \$312,126	10,703.79	Nil
John Frederick Kenneth Robertson Toronto, Ontario	Trustee	2024 - \$30,000 2023 - \$30,000	Nil	Nil
Graham MacDonald McBride Mississauga, Ontario	Trustee	2024 - \$30,000 2023 - \$30,000	Nil	Nil
Michael Gerard LeClair Toronto, Ontario	Trustee	2024 - \$30,000 2023 - \$30,000	Nil	Nil
Ansil Kenneth Miller Oakville, Ontario	Trustee	2024 - \$30,000 2023 - \$30,000	Nil	Nil

Notes:

- (1) Mr. Romundt receives a salary of Nil and is not eligible for a bonus from the Trust.

- (2) Prior to September 1, 2023, Mr. Orr was an employee of Centurion Asset Management GP Inc. and provided services to the Trust, Centurion Apartment REIT and/or other subsidiaries and his compensation is allocated between the trusts on numerous factors, including but not limited to how he splits his time between these trusts and companies. The compensation numbers presented herein are not weighted by these factors and are presented gross as if the person will spend all of his time working solely for the trust which is unlikely. From and after September 1, 2023, Mr. Orr's employment has been assigned to the Asset Manager and his compensation will be paid by the Asset Manager. The 2024 compensation does not include a bonus component.
- (3) Prior to September 1, 2023, Mr. Stewart was an employee of Centurion Asset Management GP Inc. Mr. Stewart's structured incentive has been paid by Centurion Mortgage Capital Corporation. From and after September 1, 2023, Mr. Stewart's employment has been assigned to the Asset Manager and his compensation will be paid by the Asset Manager. He also holds a Trustee position and is not paid a Trustee fee. The 2024 compensation does not include a bonus component.
- (4) Prior to September 1, 2023, Mr. Boyce was an employee of Centurion Asset Management GP Inc. Mr. Boyce's structured incentive has been paid by Centurion Financial Corporation. From and after September 1, 2023, Mr. Boyce's employment has been assigned to the Asset Manager and his compensation will be paid by the Asset Manager. He also holds a Trustee position and is not paid a Trustee fee. The 2024 compensation does not include a bonus component.

### 3.2. Management Experience

The name and municipality of residence, office held with the Trust and principal occupation of each Trustee and senior officer of the Trust are as follows:

List of Trustees and Officers Name and Municipality of Residence	Office	Principal Occupation
Gregory Gunter Romundt (1) (3) Grand Cayman, Cayman Islands	President and Chief Executive Officer and Trustee	Executive/Trustee
Robert Kennedy Orr Toronto, Ontario	EVP, Chief Financial Officer and Chief Compliance Officer	Executive
Stephen Douglas Stewart (1) (3) Toronto, Ontario	EVP of Mortgage Investments and Joint Ventures and Trustee	Executive/Trustee
Daryl Wilson Boyce (1) (3) Toronto, Ontario	EVP of Corporate Finance and Trustee	Executive/Trustee
Ryan Dustin Kauder (3) Toronto, Ontario	Vice-President, Investments	Executive
Graham MacDonald McBride (2) (4) (6) (7) Mississauga, Ontario	Trustee	Executive
Ansil Kenneth Miller (2) (3) (5) (6) Oakville, Ontario	Trustee	Executive

List of Trustees and Officers Name and Municipality of Residence	Office	Principal Occupation
Michael Gerard LeClair (2) (4) Toronto, Ontario	Trustee	Executive
John Frederick Kenneth Robertson (2) (4) (6) Toronto, Ontario	Trustee	Executive

Notes:

- |  |                                |                                 |
|--|--------------------------------|---------------------------------|
| (1) Centurion Appointee                  | (2) Independent Trustee        | (3) Investment Committee Member |
| (4) Rotating Investment Committee Member | (5) Investment Committee Chair | (6) Audit Committee Member      |
| (7) Audit Committee Chair                |                                |                                 |

The nature and extent of real estate experience of the Trustees and senior officers of the Trust and their principal occupations during the last five years are as follows:

**Gregory Gunter Romundt**

Mr. Romundt is the founder and President of Centurion Asset Management Inc. and Centurion Apartment REIT. He has been engaged in investment in residential real estate since 1997 and investments and financial markets since 1991. He has real estate investment experience in Singapore, Britain, Australia, China, and Canada. From 1991 to 1997, he worked for Citibank in Toronto, New York, and Singapore as a financial derivatives trader in interest rate derivatives, major and emerging currencies, and exotic derivatives. From 1997 to 2001, he worked for AIG International Group in Hong Kong, Britain, and Singapore as head of emerging market derivatives and then as Senior Vice President and Partner (Emerging Markets). He was the group risk manager, overseeing all of the firm's positions in emerging markets and was a member of the risk management committee. Mr. Romundt previously served on the Board of Directors for NEMA (National Exempt Market Association) and PCMA (Private Capital Markets Association). He graduated from the Richard Ivey School of Business at the University of Western Ontario with an HBA in 1991. Mr. Romundt was nominated for and was a finalist in, the Ernst & Young 2014 Entrepreneur of the Year award. He was named CEO of the Year in 2015 by Canadian Apartment Magazine.

**Robert Kennedy Orr**

Mr. Orr has over 25 years of experience within the financial services sector. Mr. Orr has held senior finance positions in a number of companies ranging from a private investment firm, a large multi-national financial institution and a global accounting firm. Prior to joining Centurion, he was the Chief Financial Officer and Chief Compliance Officer of Sevenoaks Capital Inc., an alternative investment manager, regulated by the Ontario Securities Commission, catering to high-net-worth individuals both in Canada and internationally. Previously, Mr. Orr was the Chief Financial Officer of UBS Bank (Canada), the wealth management division of the Swiss-based bank. Mr. Orr has also held positions at KPMG as a Senior Manager in their Risk and Advisory Practice with a focus on financial services and CIBC World Markets as an Executive Director, Finance. Mr. Orr is a Chartered Accountant registered with the Institute of Chartered Accountants of Ontario and holds a Bachelor of Commerce from the University of British Columbia. Mr. Orr is a Trustee of Centurion Apartment Real Estate Investment Trust.

**Stephen Douglas Stewart**

Mr. Stewart has over 35 years of experience in various roles in the financial services and investment industries. Prior to joining Centurion in 2013, Mr. Stewart spent 5 years as the Chief Financial Officer of ING Bank of Canada (ING Direct), where he oversaw all aspects of finance, accounting and risk management as well as chairing the bank's credit committee, several management committees and serving as a director of two regulated mutual fund subsidiaries. Prior to his appointment as CFO, he served as Chief Lending Officer where he oversaw the company's commercial and retail lending departments and a mortgage book of over \$20 billion. Before joining ING, Mr. Stewart was with Hudson Advisors, a private equity firm specializing in real estate debt investments and structured finance, and previously held a variety of progressive lending roles including real estate and construction financing roles with National Bank and North American Trust. He began his career with PricewaterhouseCoopers. Mr. Stewart is a Chartered Accountant with a double major in management and economics from the University of Guelph. Mr. Stewart is also a Trustee of Centurion Apartment Real Estate Investment Trust.

**Daryl Wilson Boyce**

Mr. Boyce's investment and financing experience spans over 35 years and encompasses the management of equity and debt financing portfolios. Most recently, Daryl was the President of Evergreen Capital Group, a consulting firm involved in providing corporate finance, business transition, as well as expansion-and succession-related advisory services to mid-market clientele. Prior to forming Evergreen, he managed the private equity portfolio of Trimel Investments Inc., with the portfolio comprising investee companies in a number of diverse sectors throughout North America. Before Trimel, Daryl held a variety of lending roles in The Bank of Nova Scotia (Scotiabank), where he managed a senior lending portfolio, which included leading and arranging a variety of specialized and syndicated financing. Over the years, Daryl has acquired expertise in a variety of sectors, including consumer products, specialty pharmaceuticals, manufacturing and distribution, transportation and logistics, and professional sports. He received his Honours Bachelor of Arts in Commerce and Economics from the University of Toronto, Ontario, Canada in 1981.

**Ryan Dustin Kauder**

Mr. Kauder has over 10 years of experience within the investment and financial services industries, holding various positions with private investment firms and multi-national companies. Most recently, Mr. Kauder spent approximately 6 years with Timbercreek Asset Management, a real estate and alternative investment manager, where he was responsible for managing the execution and underwriting of various acquisitions, dispositions and mortgage investments across all real estate asset classes.

Prior to his time at Timbercreek, Mr. Kauder spent approximately 3 years within the wealth management and banking industry, serving in Investment Advisory and Retail & Commercial Banking roles with the Royal Bank of Canada (RBC) and Canaccord Wealth Management. Mr. Kauder holds a Master of Business Administration from University of Toronto's Rotman School of Management as well as an Honours Business Administration Degree from Schulich School of Business at York University.

#### **Ansil Kenneth Miller**

Mr. Miller is the CEO of Raven Consulting. He brings a wealth of experience to the Board of Trustees after spending 33 years in the banking industry. Mr. Miller's experience includes 15 years as the General Manager in the Special Loans division at CIBC where his focus was on difficult to recover loans in excess of \$5M. Assuming the responsibility in 1993, he managed the Real Estate portfolio within the special loans division with financing in the single family, industrial, condos, and commercial markets in Canada, USA and Europe. After leaving CIBC Mr. Miller joined Longroad Asset Management, LLC, a private equity firm in New York City and then First Caribbean Bank. His experiences also include guiding operational and financial restructuring plans, the negotiation of the sale of debt, chairing lender syndicate steering committees and acting as a representative for lending files on numerous credit and steering committees. He has 25 years of experience in financial analysis with 10 years of experience lending to the Ontario Construction industry. Mr. Miller received numerous awards during his tenure at CIBC and was an honoured guest speaker at several insolvency symposiums with his subject focus being on real estate construction, financing analysis and recovery techniques. He received his Bachelor of Arts from York University and received his Fellowship of the Institute of Canadian Bankers from the University of Toronto.

#### **Graham MacDonald McBride**

Mr. McBride has been active in the North American investing community for 30 years. He is President of LarchHill Capital Inc., a private investing and consulting firm, and a Co-Founder of FundThrough Inc., a provider of working capital to small and mid-sized companies. Until 2010, he was a Managing Partner of VG Partners, joining to lead the growth and management of the VG MezzGrowth Group (mezzanine fund), with capital under management of \$300 million. His entire career has been spent in the Canadian mid-market, investing in, and advising entrepreneurs and their businesses. Prior to VG, Mr. McBride was a Managing Director of Royal Bank Capital Partners' Mezzanine Fund, establishing the firm's presence in the mezzanine market. From 1996 to 2000, Mr. McBride was a Principal in the start-up of McKenna Gale Capital, focusing on mezzanine investments of \$7 to \$15 million in a diverse mix of mid-market companies. Mr. McBride was a primary transaction generator McKenna Gale, with responsibility for ongoing deal management and execution. From 1992 to 1996, Mr. McBride was a Vice President of Penfund Management Ltd., initially managing their troubled senior debt portfolio and subsequently joining Penfund's equity investment team. From 1989 to 1992, he worked with the Central Capital Group of Companies, structuring investments of senior debt, subordinated debt and equity on their behalf, after beginning his career in the Commercial Lending Division of the TD Bank.

Mr. McBride has been a director of numerous companies and continues to be an active director of several businesses, including AME Learning Inc., and is on the Board of Advisors of triOS Colleges Inc. and Paygos Inc. Mr. McBride also works closely with several charities and non-profits including being Co-Chair of Urban Squash Toronto. Mr. McBride has a Bachelor of Commerce (Honours) degree from Queen's University.

#### **Michael Gerard LeClair**

Mr. LeClair is an experienced director and strategic advisor with an extensive background in corporate finance, mergers and acquisitions and private equity. He is President of GML Legacy Corp., a boutique advisory and consulting firm. Prior to joining the Board of Trustees of Centurion Financial Trust, Mr. LeClair acted as Managing Director of Integrated Asset Management - Private Debt Group (2002-2015), an institutional debt fund specializing in providing financing solutions for mid-market Canadian companies including small to medium-sized energy projects in North America. He is currently on the board of a private alternative energy company. Mr. LeClair sits on the board of Westpark Healthcare Centre, Toronto based rehabilitation hospital and sits on the Investment Committee of The Atmospheric Fund, regional climate agency that invests in low-carbon solutions. Throughout his career, he has served in various executive capacities including President of Westpark Healthcare Foundation, a Toronto based hospital foundation, Vice President, Corporate Development at Chubb Security (1998-2001), a global security company and as a strategic advisor and Director for a number of Canadian and U.S. private companies. Mr. LeClair is a Certified Corporate Director with a degree from the Rotman School of Management at the University of Toronto and holds a Bachelor of Science degree from the University of Western Ontario.

### **John Frederick Kenneth Robertson**

A Senior Executive with over 40 years of progressive experience in the Private Debt Industry including originations, loan recovery and senior management of lending and administration teams, plus a board member since 2001 Co-founded a Private Debt business, which has been a leading alternative business lender in the Canadian market for over 30 years. In 2011 appointed President of the publicly listed parent company and, successfully transformed and focused the business as a pure institutional alternative asset manager. This involved the exit or sale of five non-core businesses and growing the core businesses, Private Debt and Real Estate Private Equity. In 2019, completed the sale of the company to a major Canadian based asset manager. Mr. Robertson was consultant to the purchaser, Board member of their debt subsidiary and member of the Investment Committee for over two years.

#### **3.3. Penalties, Sanctions, Bankruptcies, Insolvency and Criminal or Quasi- Criminal Matters**

As at the date hereof, or within the ten years prior to the date of this Offering Memorandum, no Trustee, executive officer or control person of Centurion Financial Trust, or an issuer of which any of these persons was a director, executive officer or control person at the time was subject to:

- (a) a penalty or other sanction imposed by a court or a regulatory body relating to a contravention of securities legislation; or
- (b) an order restricting trading in securities, not including an order that was in effect for less than 30 consecutive days.

As of the date hereof or within the ten years prior to the date of this Offering Memorandum, no Trustee, executive officer or control person of Centurion Financial Trust has;

- (a) been a director, executive officer, or control person of any entity (including the Trust), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a voluntary assignment of bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, a receiver manager or trustee appointed to hold the assets of the trustee, executive officer or control person.

Furthermore, neither Centurion Financial Trust, nor a Trustee, executive officer, or control person of Centurion Financial Trust has ever pled guilty to or been found guilty of (a) a summary conviction or indictable offence under the Criminal Code (Canada); (b) quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (c) a misdemeanour or felony under the criminal legislation of the United States of America or any state or territory of the United States of America ; (d) an offence under the criminal legislation of any foreign jurisdiction.

#### **3.4. Certain Loans**

As at the date of this Offering Memorandum, the Trust does not have any debentures or loans due to or from its directors, management, promoters, or its principal security holders. Centurion Financial Trust has a warehouse lending agreement with Centurion Apartment REIT. The current outstanding balance of the warehouse is nil.

## ITEM 4: CAPITAL STRUCTURE

### 4.1. Securities Except for Debt Securities

The following table sets forth the issued and outstanding equity securities of the Trust as of the date hereof:

Description of Security	Number Authorized to be Issued <sup>(1)</sup>	Price per Unit as at March 31, 2024	Number Outstanding as at March 31, 2024	Number Outstanding After Offering
Class A Units	Unlimited	\$9.308	2,063,067.49	See Notes
Class F Units	Unlimited	\$9.308	1,852,966.27	See Notes
Class I Units	Unlimited	\$9.308	-	See Notes
Class M Units <sup>(3)</sup>	Unlimited	-	-	See Notes
Class R Units <sup>(4)</sup>	Unlimited	\$9.308	11,816.60	See Notes

Notes:

- (1) There is no minimum offering. There is no maximum offering and the Trust is authorized to issue an unlimited number of Units.
- (2) The price per Unit will be determined by the Trustees from time to time and set forth in the subscription agreement(s) entered into between the subscriber and the Trust.
- (3) In connection with the amendment and restatement of the Asset Management Agreement on September 1, 2023, all of the outstanding Class M Units were redesignated as Class A Units on a one-for-one basis.
- (4) The Class R Units are not being issued as part of this Offering. Additional Class R Units may be issued to Centurion Apartment REIT, Gregory Romundt, and related companies from time to time.

The price per security is determined by the trustees of Centurion Financial Trust from time to time and set forth in the subscriptions agreement(s) entered into between the Subscribers(s) and Centurion Financial Trust.

### Valuation Policy

As set forth in the definition of “Fair Market Value” and pursuant to the Declaration of Trust, the value of the Units is determined by the Trustees, in their sole discretion, on a monthly basis, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units. The description of the methodology of valuations and the calculation of Fair Market Value and Posted Prices of Units reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies consistent with market practices to calculate investment values and Fair Market Value from time to time, without notice to, or approval by, Unitholders.

The Trust’s investment objective is to invest in a diversified portfolio of investments that preserves capital and generates returns to permit the Trust to pay monthly distributions and create long-term growth for its Unitholders. The Trust will seek to accomplish its investment objectives through prudent investments in private debt to satisfy the financing needs of borrowers not currently well serviced by traditional lenders. The Trust may make such investments, directly or by investing, in units of Centurion Apartment REIT or through another entity or structure that holds such investments and to which the Trust obtains exposure.

The arrangements to provide funding can be structured in a variety of ways. As such, the valuation of these investments varies depending on the structure and the nature of the investment. The potential investments and how they are valued are as follows:

### Loan Investments Valuation

Loan investments are classified and measured at amortized cost using the effective interest method, less any impairment losses. Loan investments are assessed at each reporting date to determine whether there is objective evidence of significant changes in credit risk since origination. A loan investment’s credit risk increases when objective evidence indicates that factors have occurred after the initial recognition of an investment and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Trust’s internal credit risk rating process involves judgment and combines multiple factors to arrive at a specific score to assess each loan investment’s probability of default. These factors include the loan to value ratio, borrower’s net worth and ability to service debt, asset location, experience with the borrower and credit score.

The Trust maintains an allowance in order to cover impairment in the existing portfolio for loans that have not yet been individually identified as impaired.

An impairment loss is calculated as the difference between the carrying amount of these loan investments and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the consolidated statement of net income and comprehensive income and are reflected in the provision for loan losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of net income and comprehensive income.

Participating loan interests, if any, are measured at fair value through profit and loss ("FVTPL") due to the characteristics of the instrument not being solely for the payment of principal and interest. The Trust recognizes interest income on participating loan interests based on the contractual terms of the agreement and is included as part of interest income on the consolidated statement of net income and comprehensive income. At the end of each reporting period, the Trust determines the fair value of the entire instrument with the corresponding gain or loss recorded as fair value gain or loss directly in the consolidated statement of net income and comprehensive income. Any interest income arising from the contractual portion of the loan investment and/or the participating loan interest are recorded as interest income and any remaining non-contractual gains or losses are recognized through FVTPL.

The fair value of the underlying assets related to participating loan interests was determined using a detailed valuation framework, and the techniques considered in this framework are as follows:

1. Consideration of recent prices of similar assets within similar market areas; and
2. The direct capitalized method, which is based on the conversion of future normalized earnings directly into an expression of market value.

#### **Equity Investments Valuation**

Equity investments, if any, are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of net income and comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things, future normalized net operating income, capitalization rates, discount rates and other future cash flows applicable to these assets.

#### **Other Investments Valuation**

Other Investments will be carried at fair value.

If an investment cannot be valued under the above guidelines, or if the Trust determines that the above guidelines are at any time inappropriate under the circumstance, then notwithstanding such guidelines, the Trust will make such valuations as it considers fair and reasonable and, if there is an appropriate industry practice, in a manner consistent with such industry practices for valuing such an investment.

#### **Calculation of Trust Unit Net Asset Value and Posted Prices**

The Net Asset Value ("NAV") of the Trust is calculated monthly based on the IFRS balance sheet carrying values plus certain adjustments ("Adjustment Factors").

The Trust currently conducts monthly closings for new subscriptions and redemptions of Units at the posted NAV. The Investment Portfolio is valued on a quarterly basis. The NAV may change in between quarters, at quarter ends or not at all unless there are material changes or considerations that would impact the posted Unit NAV including but not limited to changes in interest rates, acquisitions, dispositions and profits or losses, whether realized or unrealized, within the Investment Portfolio.

The Unit NAV is calculated by adding IFRS Balance Sheet Assets, subtracting IFRS Balance Sheet Liabilities, adding or subtracting appropriate non-IFRS Adjustment Factors and dividing by the total number of outstanding Units. Thus, NAV can be summarized as:

$$\text{NAV} = (\text{IFRS Balance Sheet Assets} - \text{IFRS Balance Sheet Liabilities} + \text{Adjustment Factors}) / \text{Total Number of Outstanding Investor Units}$$

The Adjustment Factors include, but are not limited to:

- (a) capitalization of certain expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining, and incoming Unitholders but may be written off or effectively written off under IFRS or where the value of such expense isn't as yet reflected, in whole or in part in the Investment Portfolio valuation due to timing lags, if any;



- (b) portfolio premiums, if any;
- (c) portfolio inter-quarter timing adjustments, if any; and
- (d) discretionary adjustments, if any.

The calculation of the Unit NAV involves critical estimates, assumptions, and judgments as part of the process.

The NAV of the Units is currently determined as per the above methodology and changes are approved by the Trustees for posting to the website of the Trust and for use in, but not limited to processing redemptions, new subscriptions, financial statements of the Trust and account statements for Unitholders.

#### **Distribution Policy**

The Declaration of Trust provides that the Trust may distribute to Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of the Trust, net realized capital gains of the Trust, the net recapture income of the Trust, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates on or before the last Business Day of the Trust's taxation year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods. Distributions shall be made in cash and may be invested in similar Units (being Units of the same class) pursuant to any distribution reinvestment plan ("DRIP") or unit purchase plan adopted by the Trustees.

Each year the Trust shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any Unitholder amounts required by law to be deducted or withheld from such Unitholder's distributions.

Where the Trustees determine that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional Units or fractions of such Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of Units.

The closing date for new subscriptions will be the first business day of each month. Subscribers will be considered Unitholders as of the first business day of the month, provided that their completed subscription documents have been received before this date.

Distributions are paid out on the 15th of each month, except when the 15th falls on a weekend or legal holiday, in which case distributions are paid out on the first business day following the 15th of the month. Unitholders are entitled to a distribution in a given month if they are Unitholders on the last business day of that month.

#### **Distribution Rates per Unit**

The Trustees may, in their discretion, allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit. If distributions are so allocated to adjust for the commissions, trailers and other costs attributable to each class of Unit, the Fair Market Value per Unit of each class of Units will be the same. If the Trustee, in its discretion, chooses not to so allocate distributions, the Fair Market Value per Unit of each class of Units is expected to differ. Notwithstanding the different upfront and ongoing trailer commissions with respect to each purchase option for the Class A Units, such commissions are borne by all holders of Class A Units. To the extent that the Trust is responsible for the payment of compensation to securities dealers, including upfront and ongoing trailer commissions, the funds available to the Trust for investment purposes and distributions will be reduced.

For the twelve-month period following the date of this Offering Memorandum, it is the Trust's current intention to distribute \$0.70 per Class A Unit per annum and \$0.80 per Class F Unit and Class I per annum, payable on a monthly basis and to allocate distributions among the classes of Units to adjust for the commissions, trailers, and other costs attributable to the sales channels relating to each class of Unit such that the Fair Market Value per Unit of each class of Units is the same. There can be no assurance that the Trust will be able to achieve its distribution targets or that the Trust will make any distribution in any particular month. See "Item 10: Risk Factors – Availability of Cash for Distributions".

### Distribution Reinvestment Plan (DRIP)

The Trust permits Unitholders to receive distributions in the form of Units or cash. Unitholders enrolled in the DRIP program currently receive a 2.0% discount on Units purchased through the DRIP.

#### 4.2. Long-Term Debt

The Trust has no long-term debt as at May 1, 2024.

#### 4.3. Prior Sales

The following table sets forth the securities of the Trust that were issued since inception up to April 1, 2024.

Date of Issuance	Type of Securities Issued	Number of Securities Issued	Price Per Securities	Total Funds Received
3-Jan-17	Class A, Class F		10.000	
1-Feb-17	Class A, Class F		10.000	
1-Mar-17	Class A, Class F	187,300.000	10.000	\$ 1,873,000.00
1-Apr-17	Class A, Class F	219,311.337	10.000	\$ 2,193,113.37
1-May-17	Class A, Class F	140,803.418	10.000	\$ 1,408,034.18
1-Jun-17	Class A, Class F	133,913.477	10.000	\$ 1,339,134.77
1-Jul-17	Class A, Class F	75,550.000	10.000	\$ 755,500.00
1-Aug-17	Class A, Class F	136,893.497	10.000	\$ 1,368,934.97
1-Sep-17	Class A, Class F	380,444.076	10.000	\$ 3,804,440.76
1-Oct-17	Class A, Class F	511,264.916	10.283	\$ 5,112,649.16
1-Nov-17	Class A, Class F	430,471.839	10.283	\$ 4,426,541.95
1-Dec-17	Class A, Class F	584,808.689	10.283	\$ 6,013,587.82
1-Jan-18	Class A, Class F	238,587.349	10.527	\$ 2,453,393.77
1-Feb-18	Class A, Class F	161,959.167	10.527	\$ 1,704,944.06
1-Mar-18	Class A, Class F	259,978.645	10.527	\$ 2,736,795.15
2-Apr-18	Class A, Class F	277,183.206	10.527	\$ 2,917,907.55
1-May-18	Class A, Class F	156,826.212	10.527	\$ 1,650,909.50
1-Jun-18	Class A, Class F	133,803.084	10.527	\$ 1,408,545.00
3-Jul-18	Class A, Class F	125,351.007	10.527	\$ 1,319,570.00
1-Aug-18	Class A, Class F	72,035.115	10.481	\$ 755,000.00
4-Sep-18	Class A, Class F	58,871.292	10.481	\$ 617,030.00
1-Oct-18	Class A, Class F	85,229.150	10.481	\$ 893,286.71
1-Nov-18	Class A, Class F	60,875.749	10.551	\$ 642,300.00
3-Dec-18	Class A, Class F	109,346.342	10.551	\$ 1,153,713.24
2-Jan-19	Class A, Class F	163,836.340	10.357	\$ 1,696,853.00
1-Feb-19	Class A, Class F	77,576.459	10.357	\$ 803,459.40
1-Mar-19	Class A, Class F	299,654.461	10.357	\$ 3,103,521.32
1-Apr-19	Class A, Class F	214,356.281	10.357	\$ 2,220,088.00
1-May-19	Class A, Class F	84,053.655	10.377	\$ 872,224.79
3-Jun-19	Class A, Class F	57,837.237	10.377	\$ 600,177.00
2-Jul-19	Class A, Class F	77,999.423	10.377	\$ 809,400.00
1-Aug-19	Class A, Class F	88,440.108	10.264	\$ 907,749.21
3-Sep-19	Class A, Class F	137,897.641	10.264	\$ 1,415,381.37
1-Oct-19	Class A, Class F	219,850.626	10.264	\$ 2,256,546.80
1-Nov-19	Class A, Class F	82,447.432	10.272	\$ 846,900.00
2-Dec-19	Class A, Class F	217,211.838	10.272	\$ 2,231,200.00

3-Jan-20	Class A, Class F	80,315.422	10.272	\$	825,000.00
3-Feb-20	Class A, Class F	55,181.207	10.277	\$	567,097.25
2-Mar-20	Class A, Class F	33,549.092	10.277	\$	344,784.00
1-Apr-20	Class A, Class F	19,836.901	9.810	\$	194,600.00
1-May-20	Class A, Class F	18,807.340	9.810	\$	184,500.00
1-Jun-20	Class A, Class F	26,525.077	9.810	\$	260,211.00
2-Jul-20	Class A, Class F	70,846.125	9.810	\$	695,000.48
4-Aug-20	Class A, Class F	18,183.587	10.284	\$	187,000.00
1-Sep-20	Class A, Class F	27,129.524	10.284	\$	279,000.00
1-Oct-20	Class A, Class F	54,259.043	10.284	\$	558,000.00
2-Nov-20	Class A, Class F	62,835.472	10.284	\$	646,200.00
1-Dec-20	Class A, Class F	20,809.024	10.284	\$	214,000.00
4-Jan-21	Class F	13,738.959	10.190	\$	140,000.00
1-Feb-21	Class A, Class F	13,444.555	10.190	\$	137,000.00
1-Mar-21	Class A, Class F, Class I	349,872.441	10.190	\$	3,565,200.17
1-Apr-21	Class A, Class F, Class I	669,997.358	9.934	\$	6,655,753.72
1-Dec-21	Class A, Class F	214,669.233	9.871	\$	2,119,000.00
1-Jan-22	Class A, Class F	48,183.568	9.871	\$	475,620.00
1-Feb-22	Class F	12,520.868	9.584	\$	120,000.00
1-Mar-22	Class A, Class F	110,079.299	9.584	\$	1,055,000.00
1-Jun-22	Class A	6,748.980	9.557	\$	64,500.00
4-Jul-22	Class A, Class F	15,172.125	9.557	\$	145,000.00
2-Aug-22	Class A, Class F	46,604.583	9.557	\$	445,400.00
1-Sep-22	Class F	104,635.346	9.557	\$	1,000,000.00
3-Oct-22	Class F	8,370.828	9.557	\$	80,000.00
1-Nov-22	Class F	13,213.143	9.557	\$	126,278.00
1-Dec-22	Class F	18,101.915	9.557	\$	173,000.00
3-Jan-23	Class A	5,231.767	9.557	\$	50,000.00
1-Feb-23	Class F	10,490.978	9.532	\$	100,000.00
1-Mar-23	Class F	4,720.940	9.532	\$	45,000.00
3-Apr-23	Class F	4,196.390	9.532	\$	40,000.00
1-May-23	Class A	580.960	9.467	\$	5,499.96
1-Jun-23		–	9.467	\$	–
4-Jul-23		–	9.467	\$	–
1-Aug-23	Class A	2,652.520	9.425	\$	25,000.00
1-Sep-23	Class A, Class F	52,652.520	9.425	\$	496,250.00
2-Oct-23	Class F	3,246.684	9.425	\$	30,600.00
1-Nov-23	Class F	2,142.475	9.335	\$	20,000.00
1-Dec-23		–	9.335	\$	–
2-Jan-24	Class F	8,809.626	9.308	\$	82,000.00
1-Feb-24		–	9.308	\$	–
1-Mar-24		–	9.308	\$	–
<b>Total</b>		<b>8,420,821.118</b>		<b>\$</b>	<b>86,463,327.43</b>

## ITEM 5: SECURITIES OFFERED

### 5.1. Terms of Securities

The Trust is a limited purpose unincorporated investment trust governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### Description of the Units

The beneficial interests in the Trust are divided into an unlimited number of classes of units, issuable in series. Currently, there are 5 (five) classes authorized for issuance, described as “**Class A Units**”, “**Class F Units**”, “**Class I Units**”, and “**Class M Units**” and “**Class R Units**”. The number of Class A Units, Class F Units, Class I Units and Class R Units which the Trust may issue is unlimited.

Class A, Class F, and Class I Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the Unitholders, or as otherwise provided in the Declaration of Trust. The Trustees may, in their sole discretion, authorize the creation of additional classes of Units, including additional classes of Investor Units.

In connection with the amendment and restatement of the Asset Management Agreement on September 1, 2023, all the outstanding Class M Units were redesignated as Class A Units and the Asset Manager irrevocably renounced its entitlements to receive issuances or deemed issuances of, or distributions on, Class M Units, Accordingly, as of the date hereof, the Asset Manager and its affiliates do not own or have any entitlements in respect of Class M Units. Pursuant to the Declaration of Trust, the Trustees are not entitled to accept a subscription for Class M Units from any investor other than the Asset Manager.

Class R Units are not being offered for purchase pursuant to this Offering Memorandum. The redemption rights attaching to Class R Units are different than the redemption rights attaching to the other classes of Units. See “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units”.

Each Unit shall represent an undivided beneficial interest in the Trust and distributions by the Trust, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities provided that the Trustees may, in their discretion, allocate the distributions among the classes of Investor Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Investor Unit. See “Item 4: Capital Structure – 4.1. Securities Except for Debt Securities”. No Unit shall have preference or priority over any other. The distribution entitlement of each Unit is intended to and will be derived from the same sources.

### 5.2. Subscription Procedure

For a detailed summary of the subscription procedures, see “Subscription Procedure and Checklist”.

Where Units are being issued in reliance on the Offering Memorandum Exemption, the consideration will be held in trust pending the closing of the Offering (and in any event until midnight on the date that is two business days following the date your completed and signed subscription documentation and funds are received by the Trust), which will occur on a date determined by the Trust. In the event that a closing does not occur in respect of a subscription, the Trust will return the subscription funds to the subscriber, without interest or deduction.

## ITEM 6: REPURCHASE REQUESTS

### Repurchase of Units

The Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, at a price per Unit and on a basis determined by the Trustees in compliance with all applicable securities laws.

### Redemption of Units

Pursuant to the Declaration of Trust, each Unitholder shall be entitled to require the Trust to redeem on a monthly basis all or any part of the Units registered in the name of the Unitholder, subject to the limits and restrictions described below (including the monthly limit (as described below)). The monthly redemption date (“**Redemption Date**”) will be the 15th day of each month. If the 15th day of the month is not a Business Day, the Redemption Date for that month will be the next succeeding Business Day. A minimum redemption amount of \$1,000.00 is required unless an account is being closed.

To exercise a Unitholder’s redemption right, a duly completed and properly executed notice (the “**Notice**”) requiring the Trust to redeem Units, in a form approved by the Trustees, specifying the number of Units to be so redeemed, shall be sent to the Trust at its head office along with the “Unit Certificate(s)” representing the Unit(s) to be redeemed, if any. The Notice must be received at least 30 days before the

applicable Redemption Date to be considered for that particular Redemption Date. If at least 30 days' notice is not given, the Trustees will not be required to consider redeeming the Unit(s) until the next subsequent Redemption Date. No form or manner of completion or execution is sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such Notice. The Trustees shall be entitled in their sole discretion to accelerate the Redemption Date specified by the Unitholder in the Notice.

As of the Redemption Date, the Unitholder will not cease to have any rights with respect to the Units tendered for redemption until the Unit Redemption Price therefore (as defined below), plus the pro rata share of any unpaid distributions declared thereon and paid prior to the Redemption Date has been paid in full. Units will be considered to be tendered for redemption on the Redemption Date, provided that the Trustees have, to their satisfaction, received the Notice, together with the Unit Certificate(s) representing the Units to be redeemed, if any, and other required documents or evidence as aforesaid; and subject to the any applicable redemption charges or fees as set out in the paragraph below, the holder of a Unit properly tendered for redemption will be entitled to receive a price per Unit equal to the Fair Market Value of the Unit to be redeemed calculated at the Valuation Date immediately preceding the Redemption Date, plus the pro rata share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Redemption Date to the extent same are not otherwise included in the Fair Market Value of the Unit(s) to be redeemed (the "**Unit Redemption Price**").

The Unit Redemption Price for Units tendered for redemption will be reduced by any applicable "**Deferred Sales Charge**" or "**Short-Term Trading Fee**" depending upon the purchase option that the Subscriber purchased Units under.

Subject to monthly cash redemption limit of \$50,000, more particularly set out in the Declaration of Trust, the Unit Redemption Price payable in respect of Unit(s) tendered for redemption will be paid in cash by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of the registered Unitholder of the Unit tendered for redemption, or payable or deposited as otherwise instructed in writing by such registered Unitholder. Cash payments of the Unit Redemption Price made by the Trust are conclusively deemed to have been made when deposited by direct deposit or wire transfer. Upon such payment as set out herein or otherwise in accordance with the Declaration of Trust, the Trustees and the Trust will be discharged from all liability to the former registered Unitholder in respect of the Units so redeemed.

All Notices shall be time and date stamped on receipt by the Trust. The Trust will not pay any Unit Redemption Prices in cash as set out above on a particular Redemption Date if the total cash payable on that Redemption Date by the Trust, and its affiliates and Subsidiaries, to all Unitholders who have previously tendered their Units for redemption on such Redemption Date, exceeds \$50,000 (the "**Monthly Limit**"), unless otherwise approved by the Trustees in their sole discretion. Cash payments being paid pursuant to Notices shall be paid in order of receipt of such Notices with the intent that Redemption Prices shall be paid out in order of receipt of Notices. Payments shall be made to a maximum of \$50,000 of the aggregate Fair Market Value of Units outstanding on the Valuation Date immediately preceding any Redemption Date. Those Units for which Notices have been received but not paid out on any given Redemption Date shall maintain their order of priority until the Unit Redemption Price(s) for such Unit(s) has (have) been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any Unit Redemption Prices, if in the reasonable opinion of the Trustees such payment would be materially prejudicial to the interests of the remaining Unitholders. The Trustees, in their sole discretion, may waive the Monthly Limit for any given Redemption Date.

Subject to any, applicable regulatory approvals, if the total cash payable on that Redemption Date by the Trust, and its affiliates and Subsidiaries, to all Unitholders who have previously tendered their Units for redemption on such Redemption Date, exceeds the Monthly Limit, the portion of the Unit Redemption Price in excess of such Monthly Limit may be paid to Unitholders by way of a distribution in specie of units of CFIT Trust and/or assets of the Trust ("**In Specie Distributions**"), on a pro rata basis in the discretion of the Trustees. Notwithstanding the foregoing, in respect of In Specie Distributions of any portion of the Unit Redemption Price for Class R Units, and Investments (or any portion thereof) with a Gross Book Value of less than \$500,000 (or such other threshold as determined by the Trustees) shall be excluded from any calculation of the Class R Units pro rata share of the assets of the Trust. In Specie Distributions on the Class R Units (whether pursuant to a redemption of Class R Units or otherwise), provided such outcomes are approved by the Independent Trustees. For greater certainty, redemptions of Class R Units which give rise to In Specie Distributions of the assets of the Trust are not subject to the Monthly Limit.

The redemptions since inception of the Trust are outlined on the following pages. Centurion Financial Trust has never gated or limited a redemption. All redemptions have been paid in full.

Redemption Date	Opening Balance	Redemption Requested (Units)	Redemption Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
<b>2017</b>					
January		—	—	—	
February		—	—	—	
March		—	—	—	
April		—	—	—	
May		—	—	—	
June		—	—	—	
July		—	—	—	
August		—	—	—	
September		—	—	—	
October		—	—	—	
November		7,444.01	\$ 76,547.00	\$ 76,547.00	
December		—	—	—	
<b>Total</b>		7,444.01	\$ 76,547.00	\$ 76,547.00	
<b>2018</b>					
January		—	\$ —	\$ —	
February		5,239.00	\$ 55,120.00	\$ 55,120.00	
March		593.71	\$ 6,250.00	\$ 6,250.00	
April		—	\$ —	\$ —	
May		—	\$ —	\$ —	
June		805.04	\$ 8,474.66	\$ 8,474.66	
July		10,122.08	\$ 106,555.08	\$ 106,555.08	
August		15,183.90	\$ 159,142.47	\$ 159,142.47	
September		358,752.95	\$ 3,760,089.60	\$ 3,760,089.60	
October		5,239.76	\$ 54,917.88	\$ 54,917.88	
November		16,942.88	\$ 178,764.31	\$ 178,764.31	
December		9,477.77	\$ 100,000.00	\$ 100,000.00	
<b>Total</b>		422,357.08	\$ 4,429,314.00	\$ 4,429,314.00	
<b>2019</b>					
January		—	\$ —	\$ —	
February		—	\$ —	\$ —	
March		7,419.59	\$ 76,844.69	\$ 76,844.69	
April		289.66	\$ 3,000.00	\$ 3,000.00	
May		14,850.48	\$ 154,103.44	\$ 154,103.44	
June		39,421.15	\$ 409,073.29	\$ 409,073.29	
July		20,329.04	\$ 210,954.46	\$ 210,954.46	
August		—	\$ —	\$ —	
September		64,707.55	\$ 664,158.30	\$ 664,158.30	
October		29,934.91	\$ 307,251.90	\$ 307,251.90	
November		40,825.48	\$ 419,359.35	\$ 419,359.35	
December		31,036.76	\$ 318,809.57	\$ 318,809.57	
<b>Total</b>		248,814.62	\$ 2,563,555.00	\$ 2,563,555.00	

Redemption Date	Opening Balance	Redemption Requested (Units)	Redemption Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
<b>2020</b>					
January		40,474.61	\$ 415,755.15	\$ 415,755.15	
February		117,018.49	\$ 1,202,599.02	\$ 1,202,599.02	
March		95,012.53	\$ 976,443.80	\$ 976,443.80	
April		265,893.95	\$ 2,608,419.66	\$ 2,608,419.66	
May		497,652.92	\$ 4,881,975.14	\$ 4,881,975.14	
June		80,727.82	\$ 791,939.90	\$ 791,939.90	
July		90,021.50	\$ 883,110.93	\$ 883,110.93	
August		99,247.40	\$ 1,020,660.21	\$ 1,020,660.21	
September		252,855.98	\$ 2,600,370.88	\$ 2,600,370.88	
October		114,644.28	\$ 1,179,001.81	\$ 1,179,001.81	
November		49,564.85	\$ 509,724.83	\$ 509,724.83	
December		36,390.38	\$ 374,238.67	\$ 374,238.67	
<b>Total</b>		<b>1,739,504.70</b>	<b>\$ 17,444,240.00</b>	<b>\$ 17,444,240.00</b>	
<b>2021</b>					
January		108,087.98	\$ 1,101,416.49	\$ 1,101,416.49	
February		11,220.71	\$ 114,339.04	\$ 114,339.04	
March		25,486.35	\$ 259,705.89	\$ 259,705.89	
April		46,867.09	\$ 465,577.63	\$ 465,577.63	
May		460,668.02	\$ 4,576,276.07	\$ 4,576,276.07	
June		8,039.49	\$ 79,864.33	\$ 79,864.33	
July		103,063.21	\$ 1,023,829.95	\$ 1,023,829.95	
August		465,630.63	\$ 4,634,421.61	\$ 4,634,421.61	
September		126,135.49	\$ 1,255,426.52	\$ 1,255,426.52	
October		70,732.97	\$ 704,005.30	\$ 704,005.30	
November		23,290.59	\$ 229,901.40	\$ 229,901.40	
December		482,613.95	\$ 4,763,882.24	\$ 4,763,882.24	
<b>Total</b>		<b>1,931,836.47</b>	<b>\$ 19,208,646.47</b>	<b>\$ 19,208,646.47</b>	
<b>2022</b>					
January		646,831.47	\$ 6,384,873.45	\$ 6,384,873.45	
February		32,747.77	\$ 313,854.59	\$ 313,854.59	
March		310,949.79	\$ 2,980,142.85	\$ 2,980,142.85	
April		72,442.32	\$ 694,287.20	\$ 697,287.20	
May		32,341.90	\$ 309,091.55	\$ 309,091.55	
June		89,209.29	\$ 852,573.15	\$ 852,573.15	
July		88,041.62	\$ 841,413.76	\$ 841,413.76	
August		163,501.84	\$ 1,562,587.09	\$ 1,562,587.09	
September		203,123.57	\$ 1,941,251.96	\$ 1,941,251.96	
October		114,937.76	\$ 1,098,460.13	\$ 1,098,460.13	
November		44,034.40	\$ 420,836.78	\$ 420,836.78	
December		51,643.52	\$ 493,557.14	\$ 493,557.14	
<b>Total</b>		<b>1,849,805.25</b>	<b>17,892,929.65</b>	<b>17,895,929.65</b>	

Redemption Date	Opening Balance	Redemption Requested (Units)	Redemption Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
<b>2023</b>					
January		92,304.47	\$ 882,153.86	\$ 882,153.86	
February		37,470.17	\$ 357,165.65	\$ 357,165.65	
March		119,641.02	\$ 1,140,418.22	\$ 1,140,418.22	
April		60,652.44	578,139.07	578,139.07	
May		34,510.65	326,712.29	326,712.29	
June		81,538.49	771,924.92	771,924.92	
July		92,060.94	871,540.96	871,540.96	
August		46,114.77	434,631.73	434,631.73	
September		75,629.96	712,812.34	712,812.34	
October		75,941.39	715,747.65	715,747.65	
November		56,397.30	526,468.80	526,468.80	
December		124,498.19	1,162,190.57	1,162,190.57	
<b>Total</b>		<b>896,759.79</b>	<b>8,479,906.06</b>	<b>8,479,906.06</b>	
<b>2024</b>					
January		42,417.51	394,822.20	394,822.20	
February		49,339.83	459,255.15	459,255.15	
March		118,057.71	1,098,881.18	1,098,881.18	
<b>Total</b>		<b>209,815.05</b>	<b>1,952,958.53</b>	<b>1,952,958.53</b>	

#### Restrictions on Transfers

Investor Units shall only be transferred with the prior consent of the Trustees. No transfer shall be effective as against the Trust or the Trustees or shall be in any way binding upon the Trust or the Trustees until the transfer has been recorded on the registered maintained by the transfer agent and registrar for the Trust.

#### Take-Over Bids

If there is a take-over bid for all of the outstanding Units and, within the time limit in a take-over bid for its acceptance, or 120 days after the date of such take-over bid, whichever period is the shorter, the take-over bid is accepted by the holders of not less than 90% of the Units (including Units issuable upon the surrender or exchange of any securities for Units but not including any such securities held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror), other than Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with the Declaration of Trust, to acquire the Units held by the dissenting offerees.

#### Issuance of Units

The Trustees may allot and issue Units, in such Classes and series, at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such "**Person, Persons or class of Persons**" as the Trustees in their sole discretion shall determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units shall be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units shall express the fair equivalent in money of the other consideration received.



### **Limitation on Non-Resident Ownership**

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, at no time may more than 49% of the Units then outstanding be held by or for the benefit of Persons who are not resident in Canada for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from holders of Units as to whether such Units are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 45% of the Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such Units from or issue or register a transfer of such Units to a Person unless the Person provides a declaration that the Person is not a non-resident of Canada for the purposes of the Tax Act and does not hold his Units for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 45% of the Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of Units and holders of Units for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their Units or a portion thereof within a specified period of not more than 60 days.

### **Meetings of Unitholders**

An annual meeting of the Unitholders shall be held at such time and place in Canada as the Trustees shall prescribe, for the purpose of electing Trustees (except for the Centurion Appointees), appointing or changing the accountants of the Trust and/or its affiliates and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of the Unitholders shall be held after delivery to the Unitholders of the information referred to in the Declaration of Trust and, in any event, prior to September 30th of each fiscal year of the Trust.

Unitholders of record shall be entitled to vote in person or by proxy. Notwithstanding the foregoing, if the Trustees determine that the nature of the business to be transacted at a meeting affects Unitholders of one class of Units in a manner materially different from its effect on Unitholders of another class of Units, the Units of such affected class will be voted separately as a class. On a poll vote at any meeting of Unitholders, each Unit shall entitle the holder or holders of that Unit to one vote. Every question submitted to a meeting, other than a special resolution, shall, unless a poll vote is demanded, be decided by a show of hands, on which every person present and entitled to vote shall be entitled to one vote.

At any meeting of the Unitholders, or of Unitholders of a Class, a quorum shall consist of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the aggregate number of votes attached to all outstanding Units, or a Class, as applicable.

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. The Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding Units (on a fully diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the Business Corporations Act (Ontario). Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxy need not be a Unitholder.

### **Amendments to Declaration of Trust**

The Declaration of Trust may only be amended by a vote of a majority of the votes cast at a meeting of Unitholders duly called for that purpose, provided that the provisions of the Declaration of Trust may be amended by the Trustees without the consent, approval or ratification of the Unitholders or any other person for the following purposes:

- to ensure continuing compliance with applicable laws (including the Tax Act and maintaining the Trust's status as a "mutual fund trust" under the Tax Act), regulations, requirements or policies of any governmental or other authority, having jurisdiction over the Trustees, the Trust or over the distribution of Units;
- to provide additional protection or benefit, in the opinion of the Trustees, for the Unitholders;
- to remove any conflicts or inconsistencies in the Declaration of Trust or make minor corrections including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- to make amendments which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the Offering Memorandum and the Declaration of Trust;

- to make amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- to enable the Trust to issue Units for which the purchase price is payable in installments;
- to create one or more New Classes of Units, including classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Trust's property or income other than a return of capital; or
- for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable;

but notwithstanding the foregoing, no such amendment shall modify the right to vote attached to any Unit or the entitlement to distributions from the Trust provided hereunder represented by any Unit without the consent of the Unitholders, and no such amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders without the consent of the holders of all of the Units then outstanding or cause the Trust to fail or cease to qualify as a "mutual fund trust" under the Tax Act.

Subject to the above, no action or authorization and no amendment may be made to the Declaration of Trust by the Trustees with respect to:

- the termination of the Trust;
- any combination, merger, amalgamation or arrangement of the Trust or CFIT as the case may be, any sale of all or substantially all of the assets of the Trust, or CFIT, as the case may be, or the liquidation or dissolution of the Trust, or CFIT, as the case may be, (other than as part of an internal reorganization of the assets of the Trust or CFIT, as the case may be, as approved by the Trustees);
- a change to the provisions of Section 4.1 (Investment Guidelines) of the Declaration of Trust;
- the provisions of the Declaration of Trust (CFIT) concerning the computation of net income;
- an exchange, reclassification or cancellation of all or part of the Units other than as specifically provided for in the Declaration of Trust;
- the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units and, including, without limiting the generality of the foregoing:
  - i. the removal or change of rights to distributions;
  - ii. the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights;
  - iii. the reduction or removal of a distribution preference or liquidation preference;
- the creation of new rights or privileges attaching to certain of the Units; or
- the constraint on the issue, transfer or ownership of Units or the change or removal of such constraint, except as otherwise provided herein;

except in each case with the approval of Unitholders given by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called for that purpose, or, alternatively, a written resolution signed in one or more counterparts by at least two-thirds of Unitholders that would be entitled to vote at a meeting called for the purposes of approving such matter.

#### **Termination of Centurion Financial Trust**

Unless the Trust is sooner terminated at the discretion of the Trustees as otherwise provided by the Declaration of Trust, the Trust shall continue in full force and effect so long as any property of the Trust is held by the Trustees, and the Trustees shall have all the powers and discretions expressed and implied, conferred upon them by law or by the Declaration of Trust. The Trust may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

Upon the termination of the Trust, the liabilities of the Trust shall be discharged with as soon as commercially reasonable, the net assets of the Trust shall be liquidated, and the proceeds distributed to the Unitholders in accordance with their entitlements as provided in the Declaration of Trust.

## ITEM 7: CERTAIN DIVIDENDS OR DISTRIBUTIONS

Not applicable.

## ITEM 8: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

### Eligibility for Investment

In the opinion of Stikeman Elliott LLP, counsel to the Trust, provided that, at all times, the Trust qualifies as a “mutual fund trust” within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for a trust governed by a Registered Plan. In Specie Distributions received as a result of a redemption in specie of Units may not be qualified investments for Registered Plans, and this may give rise to adverse consequences to the Registered Plan or to the holder of or annuitant or beneficiary under that Registered Plan. Registered Plans that own Units should consult their own tax advisers before deciding to exercise the redemption rights attached to the Units.

Notwithstanding the foregoing, a penalty tax will apply if a Unit held in an RDSP, RESP, RRSP, FHSA, RRIF or TFSA is a “prohibited investment” under the Tax Act. The Units will generally not be prohibited investments for these purposes provided that (i) the annuitant of the RRSP or RRIF, the holder of the RDSP, FHSA or TFSA, or the subscriber of the RESP (as applicable) deals at arm’s length with the Trust for the purposes of the Tax Act, and (ii) does not have a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the Trust. In addition, the Units will generally not be a “prohibited investment” if the Units are “excluded property” as defined in the Tax Act for TFSAs, FHSAs, RDSPs, RESPs, RRSPs, or RRIFs. Annuitants of an RRSP, FHSA, or RRIF, holders of a RDSP or TFSA, or subscribers of a RESP that hold Units in such Registered Plans should consult their own tax advisors in this regard.

### Canadian Federal Income Tax Considerations

In the opinion of Stikeman Elliott LLP, counsel to the Trust, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder. This summary is applicable to a Class A or Class F Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is or is deemed to be resident in Canada, deals at arm’s length and is not affiliated with the Trust, and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and every other “Canadian security” (within the meaning of the Tax Act) owned or subsequently owned by them treated as capital property by making an irrevocable election in accordance with the Tax Act. This summary does not apply to a Unitholder who enters into, or has entered into, a “derivative forward agreement” with respect to Units, as that term is defined in the Tax Act.

This summary is based on the current provisions of the Tax Act and the Regulations, counsel’s understanding of the current published administrative policies and assessing practices of the CRA, the Tax Proposals and certificates of the Asset Manager as to certain factual matters. This summary assumes that the Tax Proposals will be enacted in the form currently proposed and does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder, and no representations with respect to the income tax consequences to any particular Unitholder are made. Accordingly, Unitholders should consult their own tax advisors for advice with respect to the income tax consequences of holding and disposing of Units based on their particular circumstances.

### Status and Taxation of the Trust

This summary is based on the assumption that the Trust will continue to qualify, at all times, as a “mutual fund trust” within the meaning of the Tax Act. In order to qualify as a mutual fund trust, the Trust must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units.

**If the Trust were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different. In particular, if the Trust ceases to qualify as a mutual fund trust, the Trust and CFIT Trust may be required to pay a tax under Division E.1 (Minimum Tax) of Part I of the Tax Act. The payment of minimum tax by the Trust or CFIT Trust may have adverse income tax consequences for Unitholders.**

This summary is also based on the assumption that the Trust will at no time be a SIFT Trust. Provided that no investment (as defined in subsection 122.1(1) of the Tax Act), including the Units, is listed or traded on a stock exchange or other “public market”, as defined in the Tax Act, the Trust will not be subject to the SIFT Rules. See “Item 10: Risk Factors – Tax-Related Risks”.

The Trust will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the taxation year less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the taxation year. The Trust intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each taxation year and therefore, the Trust does not generally expect to be liable in such taxation year for income tax under Part I of the Tax Act.

The Trust will be required to include in its income for a taxation year with respect to debt obligations held by the Trust all interest that accrues or is deemed to accrue to the Trust to the end of that taxation year, or that becomes receivable or is received by it before the end of that year, except to the extent that such interest was included in the Trust’s income for a preceding taxation year. Upon the actual or deemed disposition of a debt obligation, the Trust will be required to include in computing its income for the year of disposition all interest that accrued on such debt obligation from the last interest payment date to the date of disposition, except to the extent such interest was included in computing the Trust’s income for that or another taxation year and such income inclusion will be excluded in computing the proceeds of disposition for purposes of computing any capital gain or capital loss.

Subject to the Tax Proposals contained in the 2024 federal budget regarding the taxation of capital gains (the “**2024 Proposed Amendments**”), one-half of the amount of any capital gain (a “taxable capital gain”) realized by the Trust in a taxation year must be included in computing the Trust’s income for the year, and one-half of the amount of any capital loss (an “allowable capital loss”) realized by the Trust in a taxation year is required to be deducted against any taxable capital gains realized by the Trust in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be deducted against taxable capital gains realized by the Trust in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the Tax Act and subject to the 2024 Proposed Amendments.

The 2024 Proposed Amendments, if enacted, could increase the capital gains inclusion rate, for capital gains realized on or after June 25, 2024, from one-half to two-thirds for capital gains realized by the Trust. The 2024 Proposed Amendments also provides for corresponding adjustments to the inclusion rate of capital losses and carried forward capital losses, as well as for transitional rules, including rules for tax years that begin before and end on or after June 25, 2024, and other consequential amendments. Legislation to implement the 2024 Proposed Amendments has not been released yet.

In computing its income for tax purposes, the Trust may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act.

The Trust will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the taxation year (a “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Trust for such taxation year.

## Taxation of Unitholders Distributions

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Trust's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units. The non-taxable portion of the Trust's net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year will not be included in the Unitholder's income for the taxation year. The Trust will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of The Trust. Any such designated amount will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain. Any other amount in excess of the Trust's net income for a taxation year paid or payable to a Unitholder in the taxation year will generally not be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and his or her adjusted cost base will be increased by the amount of such deemed gain. Any losses of the Trust for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Subject to the 2024 Proposed Amendments, one half of the amount of any capital gain realized by a Unitholder in a taxation year must be included in computing the Unitholder's income for the year. The 2024 Proposed Amendments, if enacted, could increase the capital gains inclusion rate, for capital gains realized on or after June 25, 2024, from one-half to two-thirds on the portion of capital gains realized in the year that exceed \$250,000 for individuals. The \$250,000 annual threshold would effectively apply to capital gains realized by an individual, either directly or indirectly via a partnership or trust, net of any (i) current- year capital losses; (ii) capital losses of other years applied to reduce current-year capital gains; and (iii) capital gains for which an exemption is claimed. While not entirely clear, it is expected that any net capital gains of the Trust that are included in the Unitholder's income for the year (and for which appropriate designations are made) should benefit from the lower 50% capital gains inclusion rate to the Unitholder up to the \$250,000 annual threshold. Legislation to implement the 2024 Proposed Amendments has not been released yet. Unitholders should consult their own tax advisors having regard to their own circumstances.

Provided that appropriate designations are made by the Trust, such portion of: (i) the net realized taxable capital gains of the Trust; and (ii) the taxable dividends, if any, received or deemed to be received by the Trust on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross- up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations.

The chart below shows the tax treatment of the Trust's distributions since inception:

Box on T3	Description	2023	2022	2021	2020	2019	2018	2017
26	Other Income	97.49%	88.16%	44.25%	88.41%	74.53%	92.56%	91.20%
25	Foreign Income	-	-	-	2.33%	0.0024	1.27%	-
21	Capital Gain	0.00%	-	40.31%	3.52%	-	-	8.80%
42	Return of Capital	2.51%	11.84%	15.44%	5.74%	25.23%	6.17%	-

### Disposition of Units

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit to the Unitholder immediately before the disposition and any reasonable costs of disposition.

In general terms, the adjusted cost base to a Unitholder of newly acquired Units will be averaged with the adjusted cost base of all Units held by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution or as a reinvestment of a distribution of income or capital gains from the Trust will generally be equal to the amount of the distribution. If a Unitholder participates in a distribution reinvestment plan and acquires a Unit from the Trust at a price that is less than the fair market value of the Unit, it is the CRA's administrative position that the Unitholder must include the

difference in income and increase the cost of such Unit by a corresponding amount. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units.

Any taxable capital gain realized on the disposition of Units in a taxation year will be included in the Unitholder's income and any allowable capital loss realized will be required to be deducted from taxable capital gains of the Unitholder for that taxation year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act. Based on counsel's understanding of the current published administrative policies and assessing practices of the CRA, a conversion of Class F Units into Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act.

### **Alternative Minimum Tax**

In general terms, net income of the Trust paid or payable to a Unitholder that is designated as net realized taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by Unitholders on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax. The Tax Proposal released on August 4, 2023 proposed significant changes to alternative minimum tax. If enacted, the proposed changes will come into force for taxation years beginning after 2023. The Tax Act requires that individuals (including certain trusts) compute a minimum tax determined by reference to the amount by which the taxpayer's "adjusted taxable income" for the year exceeds his or her basic exemption which, in the case of an individual is \$40,000 (or, for taxation years commencing after 2023 in the event the Tax Proposals in respect of minimum tax are enacted, the start of the fourth federal tax bracket, estimated by the federal government to be approximately \$173,000 in respect of 2024). In computing his or her adjusted taxable income, a taxpayer must include, among other things, all taxable dividends (without application of the gross-up), and 80% (100% for taxation years commencing after 2023 in the event the Tax Proposals in respect of minimum tax are enacted) of net capital gains. In addition, for taxation years commencing after 2023 in the event the Tax Proposals in respect of minimum tax are enacted, 50% of various deductions will not be deductible in calculating a taxpayer's "adjusted taxable income". These deductions include interest and carrying charges incurred to earn property income, limited partnership losses of other taxation years, and non-capital losses of other taxation years. Federal budget 2024 proposes that the tax treatment of charitable donations be revised to allow individuals to claim 80% (instead of the previously proposed 50%) of the charitable donation tax credit when calculating alternative minimum tax. A federal tax rate is applied at a rate of 15% (20.5% for taxation years commencing after 2023 in the event the Tax Proposals in respect of minimum tax are enacted) to the amount subject to the minimum tax, from which the individual's "basic minimum tax credit for the year" is deducted. Generally, if the minimum tax so calculated exceeds the tax otherwise payable under the Tax Act, the minimum tax will be payable.

Whether and to what extent the tax liability of a Unitholder will be increased as a result of the application of the minimum tax rules will depend on the amount of his or her income, the sources from which it is derived, and the nature and amounts of any deductions he or she claims.

Any additional tax payable by an individual for the year resulting from the application of the minimum tax will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the minimum tax, be his or her tax otherwise payable for any such year. Unitholders should obtain independent advice from a tax advisor on the proposed changes to the federal alternative minimum tax and the consequences to the provincial minimum tax counterparts.

### **Tax Implications of the Trust's Distribution Policy**

The Fair Market Value per Unit will reflect any income and gains of the Trust that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Trust that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. Since the Trust intends to make monthly distributions as described under "Item 4: Capital Structure - 4.1. Securities Except for Debt Securities - Distribution Policy", the consequences of acquiring Units late in a calendar year will generally depend on the amount of monthly distributions throughout the year and whether one or more special distributions to Unitholders are necessary late in the calendar year to ensure that the Trust will not be liable for non-refundable income tax on such amounts under the Tax Act.

## Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. See "Item 8: Income Tax Consequences and RRSP Eligibility for Investment - Eligibility for Investment". Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating, or withdrawing amounts from a Registered Plan.

## ITEM 9: COMPENSATION PAID TO SELLERS AND FINDERS

Applicable securities laws in certain jurisdictions prohibit a fee or commission from being paid to persons other than securities registrants in connection with sales made pursuant to the offering memorandum exemption in section 2.9 of NI 45-106. The Trust will not pay any commissions to persons to whom the Trust is not permitted to pay a commission, notwithstanding the purchase option selected by the Subscriber (as described below under "Purchase Options").

The decision to offer the Units was made upon the recommendation of the Asset Manager. A portion of the proceeds of the Offering will be used by the Trust to pay the fees payable to the Asset Manager pursuant to the Asset Management Agreement. See "Item 2: Business of Centurion Financial Trust - 2.1. Structure - The Asset Manager's Fees".

### Purchase Options

The Trust has created five different purchase options for Subscribers to purchase Investor Units. Subscribers may purchase through a registered dealer. For the purposes hereof "Seller" means the registered dealer through which the Units are sold to the Subscriber and includes the Asset Manager where it acts as the dealer for a Subscriber's purchase of Units. Senior executives of the Trust, its trustees, along with "permitted clients" (as such term is defined under applicable securities laws) may purchase Units directly from the Trust.

Subscribers may purchase Investor Units through a registered dealer. Unitholders may not switch their method of holding Units unless the Trustees believe, in their discretion, that it does not materially adversely impact the Trust and the Unitholder has been adequately informed of the implications of such switch.

### Class A Units

- 1) **Deferred Sales Charge ("DSC") Option** - Seller receives an upfront commission of 5% and an ongoing trailer of 0.50% paid by the Trust per annum starting in year one for as long as the Subscriber remains invested. If the Subscriber redeems their Units prior to the fifth anniversary of their purchase, the following Deferred Sales Charges paid to the Trust will apply to the redemption by the Subscriber of their Units:
  - If Redeemed in 1<sup>st</sup> Year - 6.0%
  - If Redeemed in 2<sup>nd</sup> Year - 5.5%
  - If Redeemed in 3<sup>rd</sup> Year - 5.0%
  - If Redeemed in 4<sup>th</sup> Year - 4.0%
  - If Redeemed in 5<sup>th</sup> Year - 3.0%
  - Afterwards 0.0%
- 2) **Low Load Option** - Seller receives an upfront commission of 3% and an ongoing trailer of 0.75% paid by the Trust per annum starting in year one for as long as the Subscriber remains invested. There is a short-term redemption fee paid to the Trust if the Subscriber redeems their Units early.
  - If Redeemed in 1<sup>st</sup> 18 months - 3.5%
  - If Redeemed in 2<sup>nd</sup> 18 Months - 3.0%
- 3) **Front Load Option** - Seller negotiates a commission (if any) which the Subscriber pays directly to the Seller and the Seller receives a trailer of 1.00% paid by the Trust per annum starting in year one. There is a short-term trading fee paid to the Trust of 3.0% if redeemed in the first 6 months.

Notwithstanding the different upfront and ongoing trailer commissions with respect to each purchase option for the Class A Units, such commissions are borne by all holders of Class A Units. However, the Asset Manager believes that the long-term effective cost of raising capital for the Trust under each purchase option for the Class A Units is economically equivalent.

#### **Class F Units**

- 4) **Fee Based Accounts Option** – No commission and no trailers are paid by the Trust. Only Fee Based Accounts may qualify for this purchase option. There is a short-term trading fee of 3.0% if redeemed in the first 6 months.

#### **Class I Units**

- 5) **Institutional Option** – No commission and no trailer are paid by the Trust. The Trust may in some circumstances pay a negotiated trailer to the advisor, if there is an advisor. There is a short-term trading fee of 3.0% if redeemed in the first 6 months.

### **ITEM 10: RISK FACTORS**

There are certain risk factors inherent in an investment in the Units and in the activities of the Trust, including the following, which Subscribers should carefully consider before subscribing for the Units. Although investments made by the Trust will be carefully chosen by the Asset Manager and approved by the Investment Committee or the Trustees, there is no representation made by the Trustees or the Asset Manager that such investments will have a guaranteed return to Unitholders or that losses will not be suffered by the Trust from such investments. This Offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.

#### **Speculative Investment**

**AN INVESTMENT IN THE TRUST MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. THERE IS NO ASSURANCE THAT DISTRIBUTIONS WILL BE PAID. A SUBSCRIPTION FOR UNITS SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT AND WHO CAN BEAR THE RISK OF LOSS ASSOCIATED WITH AN INVESTMENT IN THE TRUST. INVESTORS SHOULD REVIEW CLOSELY THE INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS TO BE UTILIZED BY THE TRUST AS OUTLINED HEREIN TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE TRUST, INCLUDING THOSE SPECIFIED IN THIS**

### **ITEM 10: RISK FACTORS.**

#### **Critical Estimates, Assumptions, and Judgments**

The preparation of financial statements as per IFRS requires the Trust to make judgments, assumptions and estimates that affect the reported amounts in the consolidated financial statements. Actual results could differ from these estimates. Financial statement carrying values, in addition to other factors (as described under “Item 4: Capital Structure – 4.1. Securities Except for Debt Securities – Valuation Policy”), serve as the basis for the calculation of the Fair Market Value of Units. For example, the Trust takes into account the anticipated increase in equity investments when calculating their carry value, a practice which involves numerous assumptions and uncertainty. If such carrying values should prove to be incorrect, the Fair Market Value of the Units could be different. To the extent that the carrying values or critical estimates, assumptions and judgments are inaccurate, and given that investment portfolio values are calculated quarterly on a lagging basis, the Posted Price per Unit in any given month may be understated or overstated as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of its Units will be paid an amount less than it would otherwise be paid if the critical estimates, assumptions and judgments were different, or if the calculation of property values was not calculated on a quarterly basis and thus potentially lagging the market. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual Fair Market Value is lower than the calculated Fair Market Value. In addition, there is a risk that an investment in the Trust by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the Posted Price of the Units is higher than the actual Fair Market Value of the Units. Further, there is a risk that a new Unitholder (or an existing Unitholder then makes an additional investment) could pay more than it might otherwise have paid if the actual Fair Market Value of the Units is lower than the Posted Price. The Trust does not intend to adjust the Fair Market Value of the Trust retroactively.



As set forth in the definitions of “Fair Market Value”, the value of the Units is determined by the Trustees, at their sole discretion, using reasonable methods of determining fair market value. Fair Market Value of the Units may or may not be equal to the net asset value of the Units. The description of the methodology of investment portfolio valuations and the calculation of Fair Market Value and Posted Prices of Units reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies to calculate Investment values and Fair Market Value from time to time, such as obtaining independent appraisals, which the Trust does not currently receive, without notice to, or approval by, Unitholders. Such alternative methodologies may present the same or additional risks.

### **Risks Related to COVID-19 and Other Health Crises**

**Public health crisis, including the ongoing health crisis related to the novel coronavirus disease (“COVID-19”) pandemic, or related to any other virus, flu, epidemic, pandemic or any other similar disease or illness (each a “Health Crisis”) could adversely impact the Trust.**

There has been and continues to be a global Health Crisis related to an outbreak of COVID-19. This Health Crisis, and any future Health Crisis has led, and could in the future lead, to disruptions in global economic activity, resulting in, among other things, a general decline in equity prices and lower interest rates. These circumstances could have an adverse effect on levels of employment, which may adversely impact the ability of borrowers and other counterparties to make timely payments on their credit facilities, mortgages and other loans. An increase in delinquent payments by borrowers and other counterparties may negatively affect the Trust’s financial position. While governments, have implemented policies in an attempt to address COVID-19, and may in the future implement policies to address other Health Crises, no assurance can be made regarding the effectiveness of policies that may be adopted by the Bank of Canada, the Canadian federal, provincial or municipal governments, their agencies, the United States government or any other foreign or sub-national government to address the effects of COVID-19, any future Health Crisis or any market volatility.

The Trust has a Health Crisis response plan and business continuity policies in place and is developing additional strategies to address potential disruptions in its operations. However, no assurance can be made that such strategies will successfully mitigate the adverse impacts related to the COVID-19 outbreak or another Health Crisis. A prolonged outbreak of COVID-19 or other Health Crises could adversely impact the health of the Trust’s employees, borrowers, counterparties and other stakeholders.

The full extent of the duration and impact that COVID-19, including any regulatory responses to the outbreak, will have on the Canadian, United States and global economies and the Trust’s business is highly uncertain and difficult to predict.

### **Risks Related to Defaults of Loan Extensions**

The Trust may invest in speculative loans that may default. The Asset Manager may from time to time deem it appropriate to extend or renew the term of an Investment loan past its maturity, or to accrue the interest on an Investment, in order to provide the borrower with increased repayment flexibility. The Asset Manager generally will do so if it believes that there is a relatively low risk to the Trust of not being repaid the full principal and interest owing on the loan. In these circumstances, however, the Trust is subject to the risk that the principal and/or accrued interest of such loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Trust during and after the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Trust may not recover any of the principal and interest owed to it in respect of such loan.

When an Investment loan is extended past its maturity, the Investment can either be held over on a month- to-month basis or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Investment Advisor has the ability to exercise its enforcement remedies in respect of the extended or renewed loan. Exercising enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Trust during the period of enforcement. In addition, as a result of potential declines in security values and other factors, there is no assurance that the Trust will be able to recover all or substantially all of the outstanding principal and interest owed to it in respect of such loans by the Investment Advisor’s exercise of enforcement remedies for the benefit of the Trust. Should the Trust be unable to recover any portion of the principal and interest owed to it in respect of such loans, the assets of the Trust would be reduced, and the returns, financial condition and results of operations of the Trust could be adversely impacted.

## **Debt Financing**

If the Trust enters into an operating credit facility, the Trust will be subject to the risks associated with debt financing, including the risk that the Trust may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness. A portion of any such operating credit facility may be at floating interest rates, and accordingly, changes in short-term borrowing could affect the Trust's costs of borrowing. The total indebtedness of the Trust, including amounts drawn under an acquisition facility, is limited to no more than 75% of the Gross Book Value, provided that indebtedness shall exclude any obligations of the Trust under or arising out of mortgage transactions (including any obligations to purchase mortgage or Investments on demand).

## **Risks Related to Portfolio Companies**

The Trust will be dependent on the operations, assets and financial health of its Portfolio of companies in which it has made Investments ("Portfolio Companies"). The Trust's ability to pay distributions, to satisfy its debt service obligations, if any, and to pay its operating expenses is dependent on the payments received from its Portfolio Companies. Accordingly, to the extent that the financial performance of a Portfolio Company declines, cash payments to the Trust may decline. The failure of any material Portfolio Company to fulfill its payment obligations to Trust could materially adversely affect the Trust's financial condition and cash flows. There is a risk that some liabilities or other matters that are not identified by the Trust could have a material adverse effect on a Portfolio Company and the Trust.

There is generally no publicly available information, including audited or other financial information about the Trust's Portfolio Companies and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to Canadian public companies. Therefore, the Trust relies on its management, the Asset Manager and other third-party service providers to investigate Portfolio Companies. There can be no assurance that the Trust's due diligence efforts or ongoing monitoring procedures will uncover all material information about privately held Portfolio Companies necessary to make fully informed decisions. In addition, the Trust's due diligence and monitoring procedures will not necessarily result or ensure that an investment will be successful.

Numerous factors may affect the ability of a Portfolio Company to service its payment obligations to the Trust, including, without limitation: the failure to meet its business plan; regulatory or other changes affecting its industry; integration issues with respect to acquisitions or new business lines; a downturn in its industry; negative general economic conditions; supply chain disruptions; disputes, or changes in arrangements, with customers or suppliers; and working capital and/or cash flow management issues. Deterioration in a Portfolio Company's financial condition and prospects may be accompanied by a material reduction in the payments received by the Trust.

Certain of the Investments that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the applicable Portfolio Companies.

## **Investments in Less-Established Companies**

The Trust may make Investments in less established Portfolio Companies. Investments in such companies may involve greater risks than are generally associated with investment in more established companies. The securities of such companies, if publicly listed, may be subject to more abrupt and erratic market price movements than larger, more established companies, since trading volumes for their securities are generally quite low. Less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure and have shorter operating histories on which to judge future performance.

## **Availability of Investments and Competition**

The success of the Trust will depend on the availability of appropriate Investment opportunities and the ability of the Trust to identify, underwrite, close and realize repayment from those Investments. There can be no assurance that there will be a sufficient number of suitable Investment opportunities to enable the Trust to satisfy the Trust's investment short or long-term objectives. The identification of attractive Investment opportunities is difficult and involves a high degree of uncertainty. The Trust will compete with individuals, corporations, trusts and financial institutions (both Canadian and foreign) for Investments. A number of these investors may have greater financial resources than the Trust or operate without the investment or operating guidelines of the Trust, thus having greater flexibility when investing. An increase in the availability of funds for Investments may increase the competition for Investments, thereby decreasing the yields that are currently available and increasing the risk/reward ratio. Additionally, new competitors may enter the Canadian alternative financing market or current market participants may significantly increase their activities in this area. There is no guarantee that the Trust will be able to compete effectively with such competitors in the origination of new Investments.

## **Illiquid and Long-Term Investments**

Investments made by the Fund may take several years from the date of the initial investment to reach a state of maturity and realization of value can be achieved. It is anticipated that there will generally not be a public market for all, or a substantial portion of the Investments held by the Trust at the time of their acquisition.

### **Monitoring, Enforcement, and Liquidation Procedures**

From time to time, the Trust will be required to take enforcement proceedings with respect to non-performing Investments and may be required to liquidate a Portfolio Company's assets where such Investment was secured. Enforcement and liquidation proceedings can be time consuming and, if a sufficient number of Investments require enforcement, management's attention may be diverted from the day-to-day operations or from pursuing its growth strategy and the Trust may incur significant expenses that cannot be recovered.

In connection with managing and monitoring the Portfolio, the Trust has a "watch list" system whereby a Portfolio Company with a deteriorating financial condition, or that otherwise meets certain criteria, is closely monitored by the Trust with a view to the Trust taking a proactive approach to ensuring the Portfolio Company's compliance with the terms and obligations of its Investment and managing the risk of default. There can be no assurance that the Trust's watch list procedures will successfully identify Portfolio Companies at risk of defaulting on, or failing to comply with, their obligations, or that enhanced scrutiny by the Trust of borrowers on the watch list will be sufficient to prevent a Portfolio Company's default on its obligations.

At any given time, Investments in Portfolio Companies, including but not necessarily limited to those placed on a watch list by management, may represent a risk of a loss to the Trust. Such situations could arise where the value of the collateral, if any, of a Portfolio Company falls below the outstanding Investment balance, or where a Portfolio Company has otherwise failed to comply with its obligations. In appropriate cases, management will take a specific loss provision to reflect the potential loss on the Investment that could be expected through a workout situation or a liquidation scenario. Portfolio Companies on the watch list or Investments subject to a loss provision may be, and often are, still performing for the Trust with respect to their contractual monthly interest payments.

Each Portfolio Company is expected to provide certain representations and warranties and covenants to the Trust regarding its business and certain other matters. Following a transaction with the Trust, the Portfolio Company may distribute all or a substantial portion of the proceeds that it receives from the Trust to its security holders or owners. In the event that the Trust suffers any loss as a result of a breach of the representations and warranties or non-compliance with any other term of an agreement with a Portfolio Company, the Trust may not be able to recover the amount of our entire loss from the Portfolio Company. The Portfolio Company may not have sufficient assets to satisfy the Trust's loss. In addition, the Trust's rights and remedies in the event of a default are generally subordinated to a Portfolio Company's senior lenders, if any, which can limit the Trust's ability to recover any losses from a Portfolio Company.

### **Investment Warehouse Arrangement**

The Trust may own certain rights to Warehoused Investments pursuant to the Warehouse Agreement. The Warehouse Agreement provides the Trust with a facility to fund the purchase of additional Investments. For such time as the applicable Warehouse Lender is the beneficial owner of the Warehoused Investments, the Trust has no rights to such Warehoused Investments, but is fully exposed to the related downside risks by virtue of the applicable Warehouse Lender's unrestricted option to immediately sell any Warehoused Investments that have been noted in default or that have otherwise experienced a negative credit or other event, as set out in their respective Warehouse Agreement. There is no guarantee that the applicable Warehouse Lender will accept the warehousing of any particular Investment and the applicable Warehouse Lender may terminate their respective Warehouse Agreement on six (6) months' prior written notice. See also "Item 10: Risk Factors - Potential Conflicts of Interest".

### **Potential Conflicts of Interest**

The Trust may be subject to various conflicts of interest because the Trustees and senior officers of the Trust, senior officers of the Asset Manager, and the Investment Advisor are each engaged in a wide range of real estate, mortgage investments, lending and other business activities. The Trust may become involved in transactions which conflict with the interests of one or more of the foregoing individuals and/or entities.

The Trustees may from time-to-time deal with persons, firms, institutions or corporations with whom the Trust may be dealing, or that may be seeking Investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities.

The Asset Manager, the Investment Advisor and the Mortgage Servicer (collectively, the “**Service Providers**”) are not owned by the Trust but are related by common management and personnel to the Trust. This could create conflicts of interest between any of the Service Providers and the Trust.

The Service Providers’ services are not exclusive to the Trust, as each Service Provider provides services to several other clients. In particular, the Asset Manager also provides similar services to Centurion Apartment REIT. Centurion Apartment REIT and the Trust each operate independently from one another and have separate boards of trustees, with Mr. Gregory Romundt serving as Trustees for Centurion Apartment REIT and the Trust.

Additionally, the Warehouse Agreement between the Trust and the Warehouse Lender and the arrangements thereunder, may give rise to certain conflicts of interest, including with respect to (i) any Property Purchase Options or Property Offer Options (and the valuation and transfer thereof), (ii) the valuation and transfer of Warehoused Investments between the Trust and the Warehouse Lender, and (iii) the allocation of risk as between the Trust and the Warehouse Lender. The Asset Manager will follow procedures established by the Board of Trustees that are designed to ensure an appropriate allocation of risk under the Warehouse Agreement and related arrangements.

The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc., its asset manager and an exempt market dealer and investment fund manager in certain jurisdictions, in connection with the distribution of the Units hereunder, which may result in potential conflicts of interest. The Trust is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Relationship between the Trust, the Asset Manager and Affiliates of the Asset Manager”, and in particular, as a result of the fact that the President of each of the Trust and the Asset Manager, namely Mr. Gregory Romundt, are the same and Mr. Gregory Romundt indirectly owns all of the shares of the Asset Manager and its affiliates, including the Investment Advisor and the Loan Servicer. The Trust has retained the Asset Manager to provide asset management services to it pursuant to the Asset Management Agreement as described under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Asset Manager’s Duties” and the Trust has agreed to pay the Asset Manager the fees described herein. The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right, during the term of the Asset Management Agreement, to appoint a prescribed number of nominees to the board of trustees of the Trust as more particularly described under “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Trustees”. The prescribed number of nominees that the Asset Manager is entitled to appoint varies depending on the size of the board of trustees, but the prescribed number exceeds 20% of the number of trustees. In addition, the Asset Manager is the asset manager of, and adviser to, Centurion Apartment REIT. See “Item 2: Business of Centurion Financial Trust – 2.1. Structure – Relationship between the Trust, the Asset Manager and Affiliates of the Asset Manager”.

### **Allocation of Investment Opportunities**

There may be instances in which CFIT and Centurion Apartment REIT have an interest in the same investment opportunity. For example, Centurion Apartment REIT may invest in long term real-estate properties and the Trust may from time to time invest in Mortgage Assets. In the event that Centurion Apartment REIT and CFIT are both interested in pursuing the same investment opportunity, the Asset Manager will seek to allocate investment opportunities on a basis which it determines to be fair and reasonable. However, there is no requirement that the Asset Manager allocate investment opportunities on a pro rata basis between CFIT and Centurion Apartment REIT. Additionally, there may be situations where an investment opportunity is allocated to Centurion Apartment REIT despite CFIT having an interest in such investment opportunity, and vice versa.

### **Availability of Cash for Distributions**

There can be no assurance that the Trust will be able to achieve its distribution targets or that the Trust will make any distributions in any particular month. Distributable income is calculated before deducting items such as principal repayments and capital expenditures and, accordingly, may exceed actual cash available to the Trust from time to time. The Trust may be required to use part of its debt capacity or raise additional equity in order to accommodate such items, and there can be no assurance that funds from such sources will be available on favourable terms or at all. In such circumstances, distributions may be reduced or suspended. Accordingly, cash distributions are not guaranteed and cannot be assured. Further, Distributable Income can exceed net income and have the result of an erosion of Adjusted Unitholder’s Equity. See “Item 4: Capital Structure – 4.1. Securities Except for Debt Securities – Distribution Policy”.

Distributable Income is calculated in accordance with the Declaration of Trust. Distributable Income is not a measure recognized under Canadian generally accepted accounting principles and does not have a standardized meaning prescribed by IFRS. Distributable income is presented herein because management of the Trust believes this non-IFRS measure is a relevant measure of the ability of the Trust to earn and distribute cash returns to Unitholders. Distributable Income as computed by the Trust may differ from

similar computations as reported by other similar organizations and, accordingly, may not be comparable to distributable income as reported by such organizations. Distributable income is calculated by reference to the net income of the Trust on a consolidated basis, as determined in accordance with IFRS, subject to certain adjustments as set out in the constating documents of the Trust.

#### **Potential Inability to Fund Investments**

The Trust is dependent on its ability to secure funding for its Investments and to fund its commitments. The Trust may commit to making future Investments in anticipation of warehousing such Investments under the Warehouse Agreements, repayment of principal outstanding and/or the payment of interest under existing investments and/or in reliance on its credit facilities, if any. In the event that such investments are not accepted under the Warehouse Agreement, repayments of principal or payments of interest are not made, or where credit facilities aren't available, the Trust may be unable to advance some, or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

#### **Restrictions on Potential Growth and Reliance on Credit Facilities**

The payout by the Trust of a substantial part of its operating cash flow could adversely affect the Trust's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, the Trust could be materially and adversely affected.

#### **Liquidity of Units and Redemption Risk**

The Units are not listed on an exchange. There is currently no secondary market through which the Units may be sold, there can be no assurance that any such market will develop, and the Trust has no current plans to develop such a market or to list the Units on an exchange. Accordingly, it is expected that the sole method of liquidation of an investment in Units will be by way of redemption of the Units. Aggregate cash redemptions are limited to \$50,000 per month unless approved by the Board of Trustees. Accordingly, in the event that the Trust experiences a large number of redemptions, the Trust may not be able to satisfy all of the redemption requests in cash or in specie. Depending upon the Purchase Option selected and the amount of time the Units have been held, there may be a Deferred Sales Charge or Short-Term Trading Fee associated with an early redemption (see "Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units").

#### **Broad Investment Mandate**

The Trust does not have any specific limits on making investments in any one industry or geographical jurisdiction. The Management may alter the target Investments of the Trust from time to time without the prior approval by Unitholders if the Management determines it advantageous for the Trust, provided such actions are consistent with the Investment Guidelines.

#### **Tax-Related Risks**

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Trust or the Unitholders.

If the Trust fails or ceases to qualify as a mutual fund trust for the purposes of the Tax Act, the tax consequences described under "Item 8: Income Tax Consequences and RRSP Eligibility for Investment – Canadian Federal Income Tax Considerations" and "Item 8: Income Tax Consequences and RRSP Eligibility for Investment – Eligibility for Investment" would in some respects be materially and adversely different. In addition, Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their Units.

If investments in the Trust become publicly listed or traded for the purpose of the Tax Act, there can be no assurances that the Trust will not be subject to the SIFT Rules at that time. If the Trust were a SIFT Trust and therefore subject to SIFT Rules, to the extent that it earns "non-portfolio earnings," as defined in the Tax Act, its Fair Market Value could be reduced and the tax consequences to the Trust and its Unitholders could be materially different.

The Tax Act contains loss restriction rules that could result in unintended tax consequences for unitholders, including an unscheduled allocation of income or capital gains that must be included in a unitholder's income for Canadian income tax purposes. If the Trust experiences a "loss restriction event", it will: (i) be deemed to have a year-end for Canadian tax purposes whether or not the Trust has losses (which would trigger an allocation of the Trust's net income and net realized capital gains to unitholders to ensure that the Trust itself is not subject to tax on such amounts); and (ii) the Trust will become subject to the Canadian loss restriction rules that generally apply to corporations, including a deemed realization of any unrealized capital losses and disallowance of its ability to carry forward capital losses. Generally, the Trust will be subject to a loss restriction event if a person becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Trust, as those terms are

defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Trust is a beneficiary in the income or capital, as the case may be, of the Trust who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Trust. A loss restriction event could occur because a particular unitholder or an affiliate acquires Units of the Trust or because another person redeems Units of the Trust.

Pursuant to paragraph 251.2(3)(f) of the Tax Act, the Trust will not be subject to the loss restriction event rules where a person becomes a “majority-interest beneficiary” or group of persons becomes a “majority-interest group of beneficiaries” from the acquisition or disposition of units of the Trust at any time if (i) the Trust is an “investment fund” immediately before that time, and (ii) the acquisition or disposition, as the case may be, is not part of a series of transactions or events that includes the Trust ceasing to be an “investment fund”. An “investment fund” generally includes a trust that is (i) a “mutual fund trust” throughout the period that begins the later of March 21, 2013 and the end of the calendar in which the trust is created, and (ii) at all times throughout the period that begins at the later of March 21, 2013 and the time of its creation, the trust (A) is resident in Canada, (B), all the beneficiaries under the trust hold fixed interests described by reference to units of the trust, (C) follows a reasonable policy of investment diversification, (D) limits its undertaking to the investing of its funds in property, (E) does not alone, or as a member of a group of persons, control a corporation, and (F) does not hold certain property (as detailed in the Tax Act).

Under U.S. withholding tax and reporting requirements, commonly referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), the Trust is required to collect information from all of its Unitholders and directly or indirectly provide that information to the U.S. Internal Revenue Service (the “**IRS**”) in order to avoid a 30% U.S. withholding tax on the receipt of certain payments of : (1) U.S. source income (such as interest, dividends and other passive income) and (2) gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends made to the Trust. To achieve the U.S. objectives of FATCA in a manner that is consistent with Canada’s privacy and other laws, Canada enacted Part XVIII (“**Part XVIII**”) of the Tax Act and signed an Intergovernmental Agreement with the U.S. for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention (the “**Canada-U.S. IGA**”) and accordingly, the Trust is generally required to conduct due diligence regarding its Unitholders and (where applicable) their beneficial owners, and to annually report to the CRA certain information regarding their U.S. Unitholders, including information regarding their name, address, and Taxpayer Identification Number. The CRA has agreed to provide this information to the IRS.

In addition, Canada has signed the Organization for Economic Co-operation and Development (“**OECD**”) Multilateral Competent Authority Agreement and Common Reporting Standard (“**CRS**”). The CRS is a global model for the automatic exchange of information on certain financial accounts that is similar in many ways to FATCA. More than 95 countries, including Canada, have agreed to implement the CRS (referred to as “**CRS participating countries**”). Canada has enacted legislation under Part XIX (“**Part XIX**”) of the Tax Act, which requires the annual reporting of information to the CRA since May 2018. In addition, the CRA will then proceed to exchange information with those CRS participating countries with which Canada has a tax exchange agreement. Generally, the CRS will require the Trust to identify the tax residency status of, and other information relating to, their Unitholders who are resident for tax purposes in any country other than Canada or the U.S.

If a Unitholder does not provide the information required to comply with these obligations under Part XVIII and/or Part XIX, as the case may be, the Unitholder’s Units may be redeemed at the sole discretion of the Trust without prior notice to such Unitholder. Notwithstanding the foregoing, the Trust’s due diligence and reporting obligations under FATCA and CRS will not apply with respect to the following type of accounts, namely: registered retirement savings plans, registered retirement income funds, pooled registered pension plans, registered pension plans, tax-free savings accounts, and deferred profit-sharing plans.

If the Trust fails to meet its obligations under Part XVIII and/or Part XIX, as the case may be, it may be subject to the offences and punishment of the Tax Act. The administrative costs arising from compliance with FATCA and CRS may cause an increase in the operating expenses of the Trust or other underlying fund(s) in which the Trust has invested, directly or indirectly, thereby reducing returns to Unitholders.

**Investors should consult their own tax advisors regarding the possible implications of FATCA, Part XVIII, the Canada-U.S. IGA and CRS and Part XIX on their investment and the entities through which they hold their investment.**

## **Dilution**

The Trust is authorized to issue an unlimited number of Units. The Trustees have the discretion to issue additional Units in other circumstances, pursuant to the Trust's various incentive plans. Any issuance of additional Units may have a dilutive effect on the holders of Units, whether through the Trust's incentive plans, the DRIP or to new investors. Additional Units are generally issued at the Posted Price, which may be less than the net asset value of the Units, and such issuances may have a dilutive effect on the holders of Units.

Notwithstanding the different upfront and ongoing trailer commissions with respect to each purchase option for the Class A Units, such commissions are borne by all holders of Class A Units. To the extent that the Trust is responsible for the payment of compensation to securities dealers, including upfront and ongoing trailer commissions, the funds available to the Trust for investment purposes and distributions will be reduced. Such pooling of commissions amongst all holders of Class A Units may have a dilutive effect on certain holders of Class A Units.

## **Nature of Units**

The Units are not traditional equity investments and are not the same as shares of a corporation. As a result, Unitholders will not have the statutory rights and remedies normally associated with share ownership, including, for example, the right to bring "oppression" or "derivative" actions. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation. Each Unit represents an equal, undivided beneficial interest in the Trust.

## **Lack of Independent Experts Representing Unitholders**

Each of the Trust and the Asset Manager has consulted with a single legal counsel regarding the formation and terms of the Trust and the offering of Units. Unitholders have not, however, been independently represented. Therefore, to the extent that the Trust, Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Trust. No outside selling agent unaffiliated with the Asset Manager or its affiliates has made any review or investigation of the terms of the offering of Units, the structure of the Trust or the background of the Asset Manager or its affiliates.

## **Real Estate Securities**

The Trust may gain exposure to the real estate sector by investing in real estate-linked derivatives, real estate investment trust securities, and common, preferred, convertible, and debt securities of issuers in real estate-related industries. Each of these types of investments are subject to risks similar to those associated with direct ownership of real estate, including loss to casualty or condemnation, increases in property taxes and operating expenses, zoning law amendments, changes in interest rates, overbuilding and increased competition, variations in market value, and possible environmental liabilities.

## **Changes in Real Property Values**

Some of the Trust's Investments will be secured by real property, the value of which may fluctuate. The value of single-family residential properties is affected by, among other factors, general economic conditions, local real estate markets, the attractiveness of the property and the level of supply and demand in the market for comparable properties.

A substantial decline in value of real property provided as security for a mortgage may cause the value of such real property to be less than the outstanding principal amount of the mortgage. In that case, and in the event the mortgage loan is uninsured, the Trust's realization on its security and its exercise of foreclosure or power of sale rights in respect of the relevant property might not provide the Trust with proceeds sufficient to satisfy the outstanding principal amount of, and interest owing, under the mortgage loan.

While independent appraisals are generally required before the Trust makes any mortgage investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain assumptions and conditions, including the completion of construction, rehabilitation, remediation or leasehold improvements on the real property providing security for the mortgage loan. There can be no assurance that these assumptions and conditions will be satisfied and if, and to the extent they are not satisfied, the appraised value may not be achieved. Even if such assumptions and conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

### **General Economic and Political Conditions**

The success of the Trust's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances including wars, public health crises, such as epidemics and pandemics, natural disasters, terrorist acts or security operations. These factors may affect the level and volatility of securities prices and the liquidity of the Trust's investments. Unexpected volatility or illiquidity could impair the Trust's profitability or result in losses.

The macroeconomic environment is complex, stemming from the evolving COVID-19 pandemic, characterized with high headline inflation, supply chain pressures, social unrest and uncertainty over the pace and timing of future central bank rate hikes.

### **Foreign Investment and Currency Exposure**

As the Trust may hold assets not denominated in Canadian dollars, the fair market value of the Trust, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. dollar relative to the Canadian dollar. The Trust may not be fully hedged or hedged at all and it is not intended that the distributions and income statements on the assets of the Trust will be hedged and accordingly no assurance can be given that the Trust will not be adversely impacted by changes in foreign exchange rates or other factors. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Asset Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Trust if the Asset Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

### **Exchange Rate Fluctuations**

The functional currency of the Trust will be Canadian Dollars. The value of the investments made by the Trust may fluctuate as a result of the impact of economic and political changes on currency rates.

### **Asset Allocation Risk**

The Trust's investment performance depends upon how its assets are allocated and reallocated. There is a risk that the Asset Manager may make less than optimal or poor asset allocation decisions. The Asset Manager employs an active approach to make opportunistic investments, but there is no guarantee that such investment techniques will produce the desired results. It is possible that the Asset Manager will focus on an investment that performs poorly or underperforms other investments under various market conditions.

### **Joint Arrangements**

The Trust may invest in, or be a participant in, joint arrangements and partnerships with third parties in respect of the Investments. A joint arrangement or partnership involves certain additional risks which could result in additional financial demands, increased liability and a reduction in the Asset Manager's control over the Investments and its ability to sell the Trust's interests in an Investment within a reasonable time frame.

### **Interest Rates**

The Trust's income will consist primarily of interest and other payments on the Investments comprising the Portfolio. If there is a decline in interest rates, the Trust may find it difficult to fund Investments with yields sufficient to achieve the Trust's investment objectives. Additionally, an increase in interest rates increase may negatively affect the value of the Investments in the Portfolio.

### **Litigation Risks**

The Trust may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or in part. During litigation involving a counterparty in respect of an Investment, the Trust may not be receiving payments on the Investment that is the subject of litigation, thereby impacting the Trust's cash flows. The unfavourable resolution of any legal proceedings could have a material adverse effect on the Trust and its financial position and results of operations.

### **Impaired Loans and No Insurance**

The Trust may from time to time have one or more impaired loans in its Portfolio. Loans are impaired where full recovery is considered in doubt based on a current evaluation of the security held (if any) and



for which specific loss provisions have been established. Any Investments that are secured by buildings and/or land will not generally be insured by a mortgage insurer in whole or in part.

### **No Guarantees or Insurance on Investments**

A borrower's obligations to the Trust or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof. In the event that security is given by the borrower or a third party or that a private guarantor guarantees the borrower's obligations, there is no assurance that such additional security or guarantee will be available or sufficient to make the Trust whole if and when resort is to be had thereto.

### **Unitholder Liability**

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to be remote in the circumstance, that a Unitholder could be held personally liable for obligations of the Trust (to the extent that claims are not satisfied by the Trust) in respect of contracts which the Trust enters into and for certain liabilities arising other than out of contracts including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause the Trust's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of the Trust contain an express disavowal of liability against Unitholders.

### **Dependence on Key Personnel**

In assessing the risk of an investment in the Units offered hereby, potential investors should be aware that they will be relying on the good faith, experience and judgment, Management, as well as the Asset Manager (and its affiliates) to manage the business and affairs of the Trust. The management of the Trust depends on the services of certain key personnel. The termination of employment of these key personnel could have a materially adverse effect on the Trust.

There is no guarantee that Management, the directors, and officers of the Asset Manager (and its affiliates) or the Board of Trustees will remain unchanged. It is contemplated that Management and the Asset Manager (and its affiliates) will devote to the Trust's affairs only such time as may be reasonably necessary to conduct its business.

### **Cyber-Security**

The Trust maintains confidential information regarding its borrowers, business plans, strategy and potential origination opportunities in its computer systems. The Trust also maintains an Internet website. Despite the implementation of network security measures, this infrastructure may be subject to physical break-ins, computer viruses, malware, programming errors, cyber-attacks by third parties (such as ransomware) and similar disruptive problems. A security breach of computer systems could disrupt operations, damage reputation, result in legal or regulatory liability, and/or have a material adverse effect on the Trust. If the Trust's network security is penetrated or its sensitive data is misappropriated, the Trust could be subject to liability or its business could be interrupted, and any of these developments could have material adverse effect on the Trust's business, results of operations and financial condition.

Since the start of the COVID-19 pandemic, the Trust's operations have largely been conducted which may impact the physical security of the Trust's devices, and create an increased risk of unauthorized access to, or disclosure of, confidential personal information. Cyber-security risk has increased since the onset of the COVID-19 pandemic through various forms of attacks, such as phishing emails. The Trust expects to continue with a hybrid work environment following the pandemic.

### **Lack of Regulation**

Currently, there are no regulatory capital requirements on asset-based lenders that would impede their ability to extend credit, unlike the major commercial banks that are subject to the provisions of the *Bank Act* (Canada) and Basel III (the Third Basel Accord). Any changes to the regulation of the asset-based lending industry could have a material adverse effect on the Trust.

### **Limited Number of Investments**

The Trust may participate in a limited number of Investments. As such, the aggregate return of the Trust may be substantially adversely affected by the unfavourable performance of any single Investment.

### **Failure or Unavailability of Computer and Data Processing Systems and Software**

The Asset Manager and its affiliates are dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the Asset Manager's and its affiliates' ability to collect revenues and make payments on behalf of the Trust and to manage risks. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the Asset Manager and its affiliates to discharge their duties to the Trust and the impact on the Trust may be material and adverse.

### **ITEM 11: REPORTING OBLIGATIONS**

The Trust is not a "reporting issuer" under securities legislation of any jurisdiction. Accordingly, the Trust is not subject to the continuous disclosure obligations of reporting issuers. However, prior to each annual meeting (or annual and special meeting) of the Unitholders, the Trustees shall provide the Unitholders (along with the notice of such meeting) audited annual financial statements for the Trust and other reports and information as the Trustees may determine. Included with the audited annual financial statements of the Trust will be a notice of the Trust disclosing the use of the aggregate gross proceeds raised by the issuer in accordance with Form 45-106F16 under NI. All such notices and reports, if any, will be posted on the Trust's website at [www.centurion.ca](http://www.centurion.ca).

#### **Language of Documents**

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

#### **Auditor, Transfer Agent and Registrar**

The auditor of the Trust is KPMG LLP. Investment Administration Solution Inc. is the transfer agent and registrar for the Trust.

## ITEM 12: RESALE RESTRICTIONS

The Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Unless permitted under securities legislation, you cannot trade the Units before the date that is 4 months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless:

- (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Trust is not a “reporting issuer”, as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Investors are advised that the Trust currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Units to the public in any province or territory of Canada in connection with this offering, nor does the Trust otherwise intend on becoming a reporting issuer. As it is not anticipated that the Trust will become a reporting issuer, the hold period for the Units may never expire and you will not be able to trade or re-sell your Units unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Accordingly, it is expected that the sole method of liquidation of an investment in Units will be by way of redemption of the Units.

## ITEM 13: PURCHASER’S RIGHTS

**If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.**

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Units. Applicable securities laws in certain jurisdictions provide purchasers, or require purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it or any information or documents incorporated or deemed to be incorporated herein by reference contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

Any Offering Memorandum marketing materials related to the Offering and which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Units are deemed to be incorporated by reference in this Offering Memorandum.

### **Two-Day Cancellation Right**

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of NI 45-106, you can cancel your agreement to purchase the Units offered pursuant to this Offering Memorandum. To do so, you must send a notice to the Asset Manager by midnight on the 2nd business day after you sign the subscription agreement to buy the Units.

### **Statutory Rights of Action in the Event of a Misrepresentation**

See “APPENDIX A - RIGHTS OF ACTION FOR DAMAGES OR RESCISSION”.

### **Contractual Rights of Action in the Event of a Misrepresentation**

See “APPENDIX A - RIGHTS OF ACTION FOR DAMAGES OR RESCISSION”.

## ITEM 14: FINANCIAL STATEMENTS

The following financial statements are attached as “APPENDIX B - AUDITED FINANCIAL STATEMENTS”:

**ITEM 15: OFFERING MEMORANDUM CERTIFICATE**

TO: Each applicable purchaser of trust units (the “Units”) issued by Centurion Financial Trust (the “Trust”)

This Offering Memorandum does not contain a misrepresentation. This Certificate is provided solely to those purchasers purchasing Units of the Trust pursuant to the exemption contained in section 2.9 of National Instrument 45-106 - *Prospectus Exemptions*.

**CENTURION ASSET MANAGEMENT  
INC.**

As promoter and on behalf of  
**CENTURION FINANCIAL TRUST**

(Signed) Gregory Gunter Romundt  
Gregory Gunter Romundt  
President and Chief Executive Officer

(Signed) Robert Kennedy Orr  
Robert Kennedy Orr  
Chief Financial Officer and Chief Compliance  
Officer

**CENTURION FINANCIAL TRUST**

By its Board of Trustees

(Signed) Gregory Gunter Romundt  
Gregory Gunter Romundt  
Trustee

(Signed) Daryl Wilson Boyce  
Daryl Wilson  
Boyce Trustee

(Signed) Stephen Douglas Stewart  
Stephen Douglas Stewart  
Trustee

(Signed) Ansil Kenneth Miller  
Ansil Kenneth  
Miller Trustee

(Signed) John Frederick Kenneth Robertson  
John Frederick Kenneth Robertson  
Trustee

(Signed) Graham MacDonald McBride  
Graham MacDonald McBride  
Trustee

(Signed) Michael Gerard LeClair  
Michael Gerard LeClair  
Trustee

## APPENDIX A - RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to an offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. A "**material fact**" means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price of value of the Units. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

### Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or - alternatively, while still the owner of the securities, for rescission - against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and selling security holder, if any;
- (b) the issuer and selling security holder, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and selling security holder, if any, will not be liable for all or any portion of damages that they prove do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) the issuer and selling security holder, if any, will not be liable for a Misrepresentation in forward-looking-information if they prove:
  - (i) that the offering memorandum contains, proximate to the forward looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward- looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) they had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum may also be delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the "**accredited investor exemption**"). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

- (c) a subsidiary of any person referred to in (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

### **Saskatchewan**

Section 138 of The *Securities Act*, 1988 (Saskatchewan), as amended (the “**Saskatchewan Act**”), provides that where an offering memorandum (such as this Offering Memorandum), together with any amendment to it, sent or delivered to a purchaser contains a Misrepresentation, a purchaser who purchases securities covered by the offering memorandum or an amendment to it has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages or, alternatively, for rescission against:

- (a) the issuer or selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or selling security holder, as the case may be, at the time the offering memorandum or the amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to it; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or the amendment to it.

Such rights of damages and rescission are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than the issuer or selling security holder, will be liable for any part of the offering memorandum or of the amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for damages or rescission if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or the amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of its being sent or delivered, the person or company immediately gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the offering memorandum or the amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to it, the person or company withdrew the person’s or company’s consent to it and gave reasonable general notice of the person’s or company’s withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum or of the amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of or extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or of the amendment to it did not fairly represent the report, opinion or statement of the expert or was not a fair copy of or extract from the report, opinion or statement of the expert.

A person or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or the amendment to it is not liable for damages or rescission as provided in sections 138(1) or 138(2) of the Saskatchewan Act if that person or company can establish that it cannot reasonably be expected to have had knowledge of any Misrepresentation in the offering memorandum or the amendment to it.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the securities purchased and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser entered into an agreement to purchase the securities, as required by section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
  - (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with section 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

### **New Brunswick**

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and:

- (a) the purchaser has a right of action for damages against:
  - (i) the issuer;
  - (ii) the selling security holder on whose behalf the distribution is made;
  - (iii) every person who was a director of the issuer at the date of the offering memorandum;
  - (iv) every person who signed the offering memorandum; or
- (b) where the purchaser purchased the securities from a person referred to in (a), the purchaser may elect to exercise a right of rescission against that person, in which case the purchaser shall have no right of action for damages against that person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and selling security holder. In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum, and any defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied on.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence its action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; and
- (b) six years after the date of the transaction that gave rise to the cause of action.

### **Nova Scotia**

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment to it, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no defendant will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or the amendment to it was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or the amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to it, the person or company withdrew the person's or company's consent to the offering memorandum or the amendment to it, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or the amendment to it purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or the amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or the amendment to it not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated by reference into, the offering memorandum or the amendment to it, the Misrepresentation is deemed to be contained in the offering memorandum or the amendment to it.

### **British Columbia**



The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum, every person whose consent to the disclosure of information in the offering memorandum was filed and every person who signed the offering memorandum. Alternatively, the purchaser may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person, other than the issuer, will not be liable if that person proves that:

- (a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was delivered without the person's knowledge or consent;
- (b) on becoming aware of any Misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, a person, other than the issuer, shall not be liable if that person proves that, with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had, after reasonable investigation, reasonable grounds to believe and did believe that there had been no Misrepresentation.

A person is not liable for a Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

## Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba). Section 141.1 of *The Securities Act* (Manitoba) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person or company that signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons or companies that have signed the offering memorandum, provided that, among other limitations:

- (a) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;
- (b) after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer and every person or company who signed the offering memorandum shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 141.4(2) of *The Securities Act* (Manitoba) provides that no action may be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) two years after the date of the transaction that gave rise to the cause of action.

## Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador). Section 130.1 of the *Securities Act* (Newfoundland and Labrador)

provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, without regard to whether the purchaser relied upon the Misrepresentation, the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person or company that signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons or companies that have signed the offering memorandum, provided that, among other limitations:

- (a) no person or company will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;
- (b) on becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer and every person or company that signed the offering memorandum shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or considered to be incorporated into, the offering memorandum, the Misrepresentation is considered to be contained in the offering memorandum.

Section 138 of the *Securities Act* (Newfoundland and Labrador) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### **Prince Edward Island, Yukon, Nunavut and the Northwest Territories**

In Prince Edward Island, the *Securities Act* (Prince Edward Island), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provide a statutory right of action for damages or rescission to purchasers resident in Prince Edward Island, Yukon, Nunavut and the Northwest Territories, respectively, in circumstances where an offering memorandum (such as this Offering Memorandum) or an amendment thereto contains a

Misrepresentation, which rights are similar, but not identical, to the rights available to Newfoundland and Labrador purchasers.

### Québec

In addition to any other right or remedy available at law, if an offering memorandum (such as this Offering Memorandum) is delivered to an investor resident in Québec and contains a Misrepresentation, the purchaser will have: (1) statutory rights under Québec legislation outlined in section 221 of the *Securities Act* (Québec); or (2) contractual rights in circumstances where the Québec legislation does not provide such rights, as follows:

- (a) a right of action for damages against the issuer or the holder, as the case may be, whose securities were distributed, its officers or directors, the dealer (if any) under contract to the issuer or holder, any person who is required to sign an attestation in the offering memorandum and any expert whose opinion, containing a Misrepresentation, appeared, with their consent, in the offering memorandum; and
- (b) a right of action for rescission of the purchase contract or revision of the price at which the securities were sold to the investor, without prejudice to the investor's claim for damages.

However, there are various defences available to the persons or companies against whom a right of action may be brought. Among other defences, no defendant will be liable if it proves that:

- (a) the investor purchased the securities with knowledge of the Misrepresentation; or
- (b) in an action for damages, that the defendant acted with prudence and diligence, except in an action brought against the issuer or holder.

No action may be commenced to enforce such rights of action:

- (a) for rescission or revision of price, more than three years from the date of the purchase; or
- (b) for damages, later than the earlier of:
  - (i) three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser; or
  - (ii) five years from the filing of the offering memorandum with the *Autorité des marchés financiers* (Québec).

### Alberta

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities offered by the offering memorandum has, without regard to whether the purchaser relied on the Misrepresentation, a right of action (a) for damages against (i) the issuer or selling security holder on whose behalf the distribution is made, (ii) every director of the issuer at the date of the offering memorandum and (iii) every person or company that signed the offering memorandum and (b) for rescission against the issuer or selling security holder, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (c) no person or company (other than the issuer) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Executive Director (as defined in the *Securities Act* (Alberta)) and the issuer that it was sent without the knowledge and consent of the person or company;
- (d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, after the sending of the offering memorandum and before the purchase of the securities, on becoming aware of the Misrepresentation, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director and the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than the issuer) referred to above will be liable if it proves that, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a fair copy of, or an extract from, a report, opinion or statement of an

expert, the person or company did not have any reasonable grounds to believe and did not believe that:

- i. there had been a Misrepresentation; or
  - ii. the relevant part of the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) no person or company (other than the issuer) referred to above will be liable if it proves that, with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe and did not believe that there was a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the securities as a result of the Misrepresentation.

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights:

- (a) in the case of an action for rescission, more than 180 days from the day on which the transaction that gave rise to the cause of action was completed; or
- (b) in the case of any other action, later than the earlier of:
  - (i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action; and
  - (ii) 3 years from the day on which the transaction that gave rise to the cause of action was completed.

\* \* \* \* \*

The foregoing summary is subject to the express provisions of the securities legislation referred to above and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Trust may rely.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

**APPENDIX B - AUDITED FINANCIAL  
STATEMENTS**



# CENTURION FINANCIAL TRUST

**CENTURION FINANCIAL TRUST  
Consolidated Financial Statements  
For the year ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Centurion Financial Trust

### ***Opinion***

We have audited the consolidated financial statements of Centurion Financial Trust (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of net income and comprehensive income for the year then ended
- the consolidated statement of changes in net assets attributable to unitholders for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information included in 2023 Annual Report | Management's Discussion and Analysis issued to Unitholders.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2023 Annual Report | Management's Discussion and Analysis" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

April 30, 2024

**CENTURION FINANCIAL TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(WITH COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)**  
**(EXPRESSED IN CANADIAN DOLLARS)**

<b>As at</b>	<b>Notes</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>			
Debt investments	4, 5	\$ 15,337,323	\$ 25,107,185
Participating loan interests	4, 6	19,830,808	24,044,955
Other financial assets	4, 7	2,447,401	3,737,959
Receivable and other assets		106,530	13,127
Restricted cash	11	—	50,000
Cash		130,472	775,003
<b>Total Assets</b>		<b>\$ 37,852,534</b>	<b>\$ 53,728,229</b>
<b>Liabilities</b>			
Accounts payable and other liabilities	8	\$ 115,337	\$ 313,925
Warehouse liabilities	13	2,410,583	13,086,736
Unit subscriptions in Trust	11	—	50,000
<b>Total Liabilities, Excluding Net Assets Attributable to Unitholders</b>		<b>2,525,920</b>	<b>13,450,661</b>
<b>Net Assets Attributable to Unitholders</b>		<b>\$ 35,326,614</b>	<b>\$ 40,277,568</b>

Commitments and contingencies (Notes 5, 13,14 and 15).  
Subsequent events (Note 20).

See accompanying notes to the Consolidated Financial Statements.

## CENTURION FINANCIAL TRUST

### CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022) (EXPRESSED IN CANADIAN DOLLARS)

<b>For the year ended December 31,</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Interest and lender fee income	4	\$ 6,728,680	\$ 6,391,133
Net fair value losses	4	(938,288)	(1,733,094)
<b>Net Investment Income</b>		<b>5,790,392</b>	<b>4,658,039</b>
Interest expense	13	(815,908)	(1,389,562)
General and administrative expenses	10	(770,712)	(767,109)
Other income and expenses, net	9	(93,498)	(111,093)
Unrealized foreign exchange gains		46,121	262,181
Recovery of expected credit losses	4	99,659	65,387
<b>Net Income and Comprehensive Income</b>		<b>\$ 4,256,054</b>	<b>\$ 2,717,843</b>

See accompanying notes to the Consolidated Financial Statements.

## CENTURION FINANCIAL TRUST

### CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022) (EXPRESSED IN CANADIAN DOLLARS)

#### For the year ended December 31, 2023

<b>Net Assets Attributable to Unitholders, as at January 1, 2023</b>	<b>\$</b>	<b>40,277,568</b>
<b>Net Income and Comprehensive Income</b>		<b>4,256,054</b>
Proceeds from Units issued (net of issuance costs)		908,325
Reinvestment of distributions by Unitholders		2,317,646
Redemptions of Units		(8,951,156)
Distributions to Unitholders		(3,481,823)
<b>Net Decrease from Unitholder Transactions</b>		<b>(9,207,008)</b>
<b>Net Assets Attributable to Unitholder, as at December 31, 2023</b>	<b>\$</b>	<b>35,326,614</b>

#### For the year ended December 31, 2022

<b>Net Assets Attributable to Unitholders, as at January 1, 2022</b>	<b>\$</b>	<b>52,101,338</b>
<b>Net Income and Comprehensive Income</b>		<b>2,717,843</b>
Proceeds from Units issued (net of issuance costs)		3,677,461
Reinvestment of distributions by Unitholders		2,468,956
Redemptions of Units		(16,790,637)
Distributions to Unitholders		(3,897,393)
<b>Net Decrease from Unitholder Transactions</b>		<b>(14,541,613)</b>
<b>Net Assets Attributable to Unitholders, as at December 31, 2022</b>	<b>\$</b>	<b>40,277,568</b>

See accompanying notes to the Consolidated Financial Statements.

**CENTURION FINANCIAL TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**  
**(EXPRESSED IN CANADIAN DOLLARS)**

<b>For the year ended December 31,</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>			
Net Income		\$ 4,256,054	\$ 2,717,843
Adjustments for:			
Interest income on investments	4	(6,728,680)	(6,391,133)
Interest received on investments		4,359,156	5,655,880
Interest expense on warehouse liabilities	13	815,908	1,389,562
Interest paid on warehouse liabilities		(931,823)	(1,605,449)
Net fair value losses	4	938,288	1,733,094
Recovery for expected credit losses	4	(99,659)	(65,387)
Unrealized foreign exchange gains		(46,121)	(1,471,688)
Non-cash working capital		114,831	(175,622)
<b>Net cash from operating activities</b>		<b>2,677,954</b>	<b>1,787,100</b>
<b>Financing activities</b>			
Proceeds from Units issued (net of issuance costs)		858,325	3,677,461
Distributions to Unitholders		(1,164,178)	(1,428,437)
Redemptions of Units		(8,951,156)	(15,858,751)
Warehouse financing repaid		(21,588,745)	(19,341,205)
Warehouse financing funded		7,696,000	18,400,000
<b>Net cash (used in) financing activities</b>		<b>(23,149,754)</b>	<b>(14,550,932)</b>
<b>Investing activities</b>			
Debt investments repaid	5	14,622,205	21,215,945
Debt investments funded		(9,585)	(3,479,550)
Participating loan interests repaid	6	5,962,097	2,803,661
Participating loan interests funded	6	(602,680)	(7,997,943)
Other financial assets repaid	7	—	480,066
Other financial assets funded	7	(144,768)	(96,376)
<b>Net cash from investing activities</b>		<b>19,827,269</b>	<b>12,925,803</b>
Net increase (decrease) in cash		(644,531)	161,971
Cash, beginning of year		775,003	613,032
<b>Cash, end of year</b>		<b>\$ 130,472</b>	<b>\$ 775,003</b>

See accompanying notes to the Consolidated Financial Statements.

## **1. Trust Information**

Centurion Financial Trust (“CFIT” or the “Trust”) is an unincorporated, open-ended private investment trust, which was created pursuant to a Second Amended and Restated Declaration of Trust dated January 13, 2022 (“Declaration of Trust”) and is governed by the laws of the Province of Ontario. The registered office of the Trust is located at 25 Sheppard Avenue West, Suite 1800, Toronto, Ontario, M2N 6S8.

The Trust invests in a diversified portfolio of debt investments that include opportunistic participating interests in real estate developments, equity interests in real estate developments, corporate debt, warrants, royalties and other financial assets.

The Trust is a related party to Centurion Apartment Real Estate Investment Trust (“REIT”) due to having a common asset manager, Centurion Asset Management Inc. (“CAMI”). Refer to Note 14 for information about the asset management agreement.

## **2. Basis of Presentation**

### **a) Statement of Compliance**

These Consolidated Financial Statements for the year ended December 31, 2023, have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

These Consolidated Financial Statements have been approved for issue by the Board of Trustees of the Trust on April 30, 2024.

### **b) Basis of Measurement**

The Consolidated Financial Statements have been prepared on a historical cost basis except for warrants, royalties, participating loan interests, other financial assets, and foreign exchange swap, which have been measured at fair value through profit and loss (“FVTPL”) as determined at each reporting date.

### **c) Principles of Consolidation**

The Consolidated Financial Statements reflect the operations of the Trust and its wholly-owned subsidiary Centurion Financial Trust LP. The financial statements of the subsidiary included in these Consolidated Financial Statements are from the date that control commenced until the date that control ceases.

The accounting policies of the subsidiary are consistent with the accounting policies of the Trust and their financial statements have been prepared for the same reporting period as the Trust. All intercompany transactions and balances have been eliminated upon consolidation.

### **d) Functional and Presentation Currency**

These Consolidated Financial Statements are presented in Canadian Dollars which is the functional currency, unless otherwise stated.

**e) Critical Accounting Estimates, Assumptions and Judgments**

The preparation of these Consolidated Financial Statements requires management to make estimates, assumptions, and judgments that affect accounting policies and the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements, and income and expenses during the reporting period. Management relies on external information and observable conditions where possible, supplemented by internal analysis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

Estimates, assumptions, and judgments have been applied consistently and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making those estimates and judgments. While management makes its best estimates and assumptions, actual results may vary from these and other estimates.

The significant estimates, assumptions, and judgments used in the preparation of these Consolidated Financial Statements are as follows:

**Measurement of the Allowance of Expected Credit Loss (“AECL”)**

The AECL model requires evaluation and recognition of an allowance for expected credit losses ("AECL") of debt investments over the next 12 months for investments without evidence of significant change to credit risk and an allowance of lifetime losses on investments that have experienced a significant increase in credit risk since origination.

Management assesses financial assets for objective evidence of significant changes in credit risk at each reporting period by specifically considering, but not limited to, the following:

- Payment default by a borrower which is not cured within a reasonable period
- Whether the security of the loan is significantly negatively impacted by recent events
- Financial difficulty experienced by a borrower
- Changes in assumptions about local economic and other market conditions in the geographic area in which a borrower’s project is located
- Management’s judgment as to whether current economic and credit conditions are such that potential losses at the reporting date are likely to be higher or lower than the amounts suggested by historic experience

The calculation of AECL requires significant judgment to determine the variables that are relevant for each debt investment. Management exercises expert credit judgment in determining the amount of AECL at each reporting date by considering reasonable and supportable information that is not already incorporated in the quantitative modelling process. Changes in these inputs, assumptions, models and judgments directly impact the measurement of AECL.



**CENTURION FINANCIAL TRUST**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2023 with comparative information for 2022**

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**Measurement of Fair Value**

Fair value measurements are recognized in financial and non-financial assets and liabilities categorized using a fair value hierarchy that reflects the significance of inputs used in determining their fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data
- Level 3: Valuation techniques for which any significant input is not based on observable market data

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. The information about assumptions made in the fair value is included in the following notes:

- Note 6: Participating Loan Interests
- Note 7: Other Financial Assets
- Note 16: Fair Value Measurement
- Note 18: Foreign Currency Swap

### **3. Material Accounting Policies**

#### **a) Financial Instruments**

##### **Recognition and Measurement**

Financial instruments are classified as one of the following: (i) FVTPL, (ii) fair value through other comprehensive income (“FVOCI”) or (iii) amortized cost. Initially, all financial instruments are recorded in the Consolidated Statement of Financial Position at fair value.

The following table summarizes the investments included in the Consolidated Statement of Financial Position and the asset classifications applicable to these investments:

Debt investments	Amortized cost
Participating loan interests	FVTPL
Other financial assets	FVTPL
Foreign currency swap	FVTPL

After initial recognition, the effective interest related to financial instruments is measured at amortized cost and the gain or loss arising from the change in the fair value of the financial instruments is classified as FVTPL are included in the net income for the year in which they arise. The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Trust's designation of such instruments. The Trust has no financial instruments classified as FVOCI.

Interest income from financial assets, not classified as FVTPL, is determined using the effective interest rate method.

##### **Derecognition of Financial Assets and Liabilities**

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received, including any new asset obtained less any new liability assumed, and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. The Trust derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

#### **b) Debt Investments**

Debt investments are classified and measured at amortized cost using the effective interest method, less any impairment losses. Debt investments are assessed at each reporting date to determine whether there is objective evidence of significant changes in credit risk. A debt investment's credit risk increases when objective evidence indicates that factors have occurred after the initial recognition of an investment and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Trust's internal credit risk rating process involves judgment and combines multiple factors to arrive at a specific score to assess each debt investment and the probability of default. These factors include the loan-to-value ratio, borrower's net worth and ability to service debt, project stage and location to which the debt relates, experience with the borrower and internal credit score. Significant changes in the internal credit risk rating would result in reclassifications of debt investments into Stage 2 and Stage 3.

**Allowance for Estimated Credit Losses ("AECL") on Investments**

The Trust maintains an allowance to cover impairment in the existing portfolio for debt investments that have not yet been individually identified as impaired. Under IFRS 9, an allowance is recorded for AECL on financial assets according to the following stages:

Stage 1	When debt investments are recognized, they are classified into Stage 1. The Trust recognizes an allowance based on 12 months AECL, which represent lifetime AECL related to default events that are expected to occur within 12 months after the reporting date. Stage 1 debt investments also include investments where the credit risk has subsequently improved such that the increase in credit risk since initial recognition is no longer significant and the debt investments have been reclassified from Stage 2.
Stage 2	When a debt investment has shown a significant increase in credit risk since origination, the Trust reclassifies the debt investment to Stage 2 and an allowance is recognized at an amount equal to AECL over the remaining life. Stage 2 debt investments also include investments where the credit risk has improved and the debt has been reclassified from Stage 3.
Stage 3	The Trust classifies debt investments to Stage 3 when payment defaults by the borrower are not cured within a reasonable period. In certain other cases, where qualitative thresholds indicate unlikelihood to pay as a result of a credit event, the Trust carefully considers whether the event should result in an assessment at Stage 2 or Stage 3 for AECL calculations. Allowances required for impaired loans are recorded for individually identified impaired investments to reduce their carrying value to the expected recoverable amount. An AECL is calculated as the difference between the carrying amount of the debt investment and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the Consolidated Statement of Net Income and Comprehensive Income and are reflected in the AECL. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Consolidated Statement of Net Income and Comprehensive Income. The Trust reviews investments on an ongoing basis to assess whether any loans should be classified as impaired and whether an allowance or write-off should be recorded.

**c) Participating Loan Interests**

The Trust enters into debt investments that comprise a combination of contractual interest and equity-based returns such as profit participation. Participating loan interests are measured at FVTPL due to the characteristics of the instrument not being solely for the payment of principal and interest. The Trust recognizes interest income on participating loan interests based on the contractual terms of the agreement and is included as part of interest income on the Consolidated Statement of Net Income and Comprehensive Income. At the end of each reporting period, the Trust determines the fair value of the entire instrument with the corresponding gain or loss recorded as net fair value gains (losses) in the Consolidated Statement of Net Income and Comprehensive Income.

**d) Other Financial Assets**

Equity investments are recognized at fair value through profit and loss by the Trust. The fair value estimation for these investments is derived from the net asset value of the entities in which the investments are held. The Trust bases the fair value of its underlying investment property on detailed internal valuations, which incorporate market-based assumptions and adhere to recognized valuation techniques. Valuation techniques include the capitalized net operating income method, adjusted for any completion costs, and consider factors such as projected stabilized net operating income, capitalization rates, and other relevant future cash flows related to the investment properties. Any changes in fair value are recorded in the Consolidated Statement of Net Income and Comprehensive Income. Investment properties are classified within Level 3 of the fair value hierarchy.

**e) Provisions**

Provisions are recognized when the Trust has a present obligation, legal or constructive, as a result of a past event, an outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

The amount of a provision is based on management's best estimate of the expenditure that is required to settle the obligation at the end of the reporting year.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financing expense.

**f) Distribution Reinvestment and Unit Purchase Plan ("DRIP")**

The Trust has instituted a Dividend Reinvestment Plan ("DRIP") in accordance with Article 5.8 of the Second Amended and Restated Declaration of Trust which provides that the Trustees may in their sole discretion establish a distribution reinvestment plan at any time providing for the voluntary reinvestment of distributions by some or all the Trust Unitholders as the Trustees determine. Currently, Unitholders receive a 2% discount on Units purchased through the DRIP. No commissions, service charges or brokerage fees are payable by participants in connection with the DRIP.

**g) Net Assets Attributable to Unitholders**

In accordance with *IAS 32 - Financial Instruments: Presentation*, puttable instruments are generally classified as financial liabilities. The Trust's units are puttable instruments, meeting the definition of financial liabilities in IAS 32. The Trust may suspend or defer payment of redemption requests which exceed the monthly amount noted within the declaration of trust. There are exception tests within IAS 32 that could result in a classification of equity; however, the Trust's units do not meet the exception requirements. Therefore, the Trust has no instrument qualifying for an equity classification on its Consolidated Statement of Financial Position according to IFRS. The classification of all units as financial liabilities with the presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

The Trust's units are carried on the Consolidated Statement of Financial Position at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at the end of each reporting year, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders are limited to the net assets of the Trust.

**h) Income Taxes**

The Trust qualifies as a Mutual Fund Trust for Canadian income tax purposes. In accordance with the terms of the Declaration of Trust, the Trust intends to distribute its income for income tax purposes each year to such an extent that it will not be liable for income taxes under Part I of the Income Tax Act (Canada). The Trust is eligible to claim a tax deduction for distributions paid and, intends to continue to meet the requirements under the Income Tax Act (Canada). Accordingly, no provision for income taxes payable has been made. Income tax obligations relating to distributions of the Trust are the obligations of the Unitholders.

**i) Changes in Accounting Policies**

The accounting policies used in the preparation of these consolidated financial statements are consistent with those of the prior year.

**j) Future Accounting Policy Changes**

Amendments to IAS 1, Presentation of Financial Statements and Classification of Liabilities as Current or Non-Current.

In January 2020, the IASB issued amendments to refine the categorization of liabilities into current or non-current classifications. These amendments include requiring companies to remove the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Rather, such a right exists at the end of a reporting period.

In October 2022, the IAS issued amendments to enhance the information disclosed of a company's long-term debt with covenants.

- Clarifying that only covenants that a company must be in compliance with on or before the reporting date will impact the classification of a liability as current or non-current. Therefore, confirming that the classification of liabilities remains unaffected by post-reporting date covenant compliance requirements; and
- Clarifying the classification of liabilities that include a counterparty conversion option. The amendment states that:
  - The settlement of a liability includes transferring a company's own equity instrument to the counterparty; and
  - When classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments are effective January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of these amendments.

**CENTURION FINANCIAL TRUST**  
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**4. Investments**

Investments refers to debt investments, participating loan interests and other financial assets.

Interest income and the associated AECL from investments are as follows:

<b>For the year ended December 31,</b>	<b>2023</b>	<b>2022</b>
Interest income from debt investments	\$ 2,722,889	\$ 3,456,072
Interest income from participating loan interests	3,762,678	2,935,061
Lender fee income	243,113	—
<b>Total Interest and Lender Fee Income</b>	<b>\$ 6,728,680</b>	<b>\$ 6,391,133</b>
<b>Recovery of AECL</b>	<b>\$ 99,659</b>	<b>\$ 65,387</b>

The following financial assets are measured at FVTPL at each reporting date as outlined in the fair value measurement (Note 17). The Trust recognized the following fair value gains and losses:

<b>For the year ended December 31,</b>	<b>2023</b>	<b>2022</b>
Fair value losses on participating loan interests	\$ (511,208)	\$ (2,069,480)
Fair value (losses) gains on other financial assets	(427,080)	336,386
<b>Net Fair Value Losses</b>	<b>\$ (938,288)</b>	<b>\$ (1,733,094)</b>

**5. Debt Investments**

Debt investments are transacted with with third-party borrowers. As of December 31, 2023, the weighted-average effective interest rate is 13.31% (December 31, 2022: 11.90%) and the estimated weighted-average contractual term-to-maturity is 0.99 years (December 31, 2022: 1.39 years).

The Trust's net debt investments are as follows:

<b>As at</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current gross debt investments	\$ 8,016,619	\$ 6,491,335
Non-current gross debt investments	7,500,000	18,894,805
<b>Total Gross Debt Investments</b>	<b>15,516,619</b>	<b>25,386,140</b>
AECL	(179,296)	(278,955)
<b>Net Debt Investments</b>	<b>\$ 15,337,323</b>	<b>\$ 25,107,185</b>

The fair value of the debt investment portfolio approximates its carrying value due to their short term to maturity.

As at December 31, 2023, net debt investments is allocated between the stages as follows:

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<b>For the year ended December 31, 2023</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross Debt Investments, beginning of the year</b>	<b>\$ 25,386,140</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 25,386,140</b>
Advances	4,961,086	—	—	4,961,086
Principal Repayment	(14,622,205)	—	—	(14,622,205)
Interest Repayment	(2,812,888)	—	—	(2,812,888)
Interest Accrued	2,722,889	—	—	2,722,889
Foreign Exchange Losses	(118,403)	—	—	(118,403)
<b>Gross Debt Investments, end of the year</b>	<b>15,516,619</b>	<b>—</b>	<b>—</b>	<b>15,516,619</b>
<b>AECL, beginning of the year</b>	<b>278,955</b>	<b>—</b>	<b>—</b>	<b>278,955</b>
Advances	25,485	—	—	25,485
Repayment	(125,144)	—	—	(125,144)
<b>AECL, end of the year</b>	<b>179,296</b>	<b>—</b>	<b>—</b>	<b>179,296</b>
<b>Net Debt Investments, end of the year</b>	<b>\$ 15,337,323</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 15,337,323</b>

As at December 31, 2022, debt investments, including the AECL is allocated between the internal credit risk stages as follows:

<b>For the year ended December 31, 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross debt investments, beginning of the year</b>	<b>\$ 46,639,067</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 46,639,067</b>
Advances	3,430,905	—	48,645	3,479,550
Principal Repayment	(19,304,435)	—	(1,911,510)	(21,215,945)
Interest Repayment	(3,518,244)	—	(143,171)	(3,661,415)
Interest Accrual	3,329,515	—	126,557	3,456,072
Foreign exchange gain	732,937	—	—	732,937
(Transfers to) from	(1,879,479)	—	1,879,479	—
Transfers to Participating investments	(4,044,126)	—	—	(4,044,126)
<b>Gross debt investments, end of the year</b>	<b>25,386,140</b>	<b>—</b>	<b>—</b>	<b>25,386,140</b>
<b>AECL, beginning of the year</b>	<b>344,342</b>	<b>—</b>	<b>—</b>	<b>344,342</b>
Advances	93,451	—	—	93,451
Repayment	(144,783)	—	(14,055)	(158,838)
Transfers to (from)	(14,055)	—	14,055	—
<b>AECL, end of the year</b>	<b>278,955</b>	<b>—</b>	<b>—</b>	<b>278,955</b>
<b>Net Debt Investments, end of the year</b>	<b>\$ 25,107,185</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 25,107,185</b>

Future repayments excluding allowance for credit loss are as follows:

<b>Future Repayments by borrowers, excluding the AECL</b>	<b>December 31, 2023</b>
Within 1 year	\$ 8,016,619
1 to 2 years	7,500,000
<b>Total Repayments</b>	<b>\$ 15,516,619</b>

As at December 31, 2023, the Trust has no additional debt investment commitments. (December 31, 2022: \$73,616).

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**6. Participating Loan Interests**

As at December 31, 2023, the Trust holds mortgage investments that contain participation agreements with third-party lenders, whereby the Trust retains residual interests subordinate to the interests syndicated to these third-party lenders. All interest and fee income earned by the Trust recognized is included in the consolidated statement of net income and comprehensive income.

The Trust estimates the fair value of the participating loan interests based on a discounted cash flow model. The primary input in the discounted cash flow model is the fair value of the corporation securing the participating loan. The fair value of the underlying corporate assets was determined using a detailed valuation framework, and the techniques considered in this framework are as follows:

1. Consideration of recent prices of similar corporate assets within similar market areas;
2. The direct capitalization method for the underlying corporate security is based on an "as if" completed basis, which is based on the conversion of future normalized earnings.

The Trust's participating loan interests are as follows:

	<b>December 31, 2023</b>	December 31, 2022
<b>Balance, beginning of the year</b>	<b>\$ 24,044,955</b>	\$ 15,304,852
Advances	<b>602,680</b>	7,997,943
Repayment of principal	<b>(5,962,097)</b>	(2,803,661)
Repayment of interest	<b>(1,940,301)</b>	(1,994,465)
Interest income	<b>3,762,678</b>	2,935,061
Fair value losses	<b>(852,586)</b>	(2,069,480)
Remeasurement gains on participating loan interest	<b>341,378</b>	—
Transfers from debt investments	—	4,044,126
Foreign exchange gains (losses)	<b>(165,899)</b>	630,579
<b>Balance, end of the year</b>	<b>\$ 19,830,808</b>	\$ 24,044,955

The Trust co-invests in real estate investments held within the REIT, a related party. As at December 31, 2023, the Trust had invested in the following alongside the REIT:

<b>As at</b>	<b>December 31, 2023</b>	December 31, 2022
Debt investments	<b>\$ 5,968,759</b>	\$ 1,137,999
Participating loan interests	<b>2,251,358</b>	2,434,510
Other financial assets	<b>2,446,071</b>	3,733,733
<b>Total Investments invested alongside the REIT</b>	<b>\$ 10,666,188</b>	\$ 7,306,242

On November 1, 2023, the Trust sold an private equity investment, which was invested alongside the REIT, to Centurion Real Estate Opportunities Trust ("REOT") LP, a related party, and a subsidiary of the REIT, for \$1,007,795 relative to a carrying value of \$946,000. The resulting gain on disposition was \$61,795.



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As at December 31, 2023, the Trust has no additional participating loan investment commitments (December 31, 2022: \$nil).

The Trust, along with a syndicate party that has provided new capital contribution is closely monitoring the operating performance of a non-current participating loan interest where the borrower's amended proposal and restructuring plan was approved by the Ontario Superior Court in July 2023. The carrying value of this participating loan is \$7,633,638 as at December 31, 2023 (2022: \$6,882,700).

Management estimated the fair value of this participating loan interest using a discounted cash flow model. The borrower's business plan involves significant judgment as it incorporates future unobservable inputs which are inherently uncertain. As such, the estimated fair value of the Trust's investment is subject to significant change, and such change may be material.

The key assumptions used in the estimated fair value include the revenue growth projections and discount rate which are sensitive to changes as follows:

<b>Discount rate sensitivity increase (decrease)</b>	<b>Discount Rate</b>	<b>Less 50%</b>	<b>Less 25%</b>	<b>Revenue Growth Projection</b>	<b>Plus 25%</b>	<b>Plus 50%</b>
(2)%	16.81%	3,920,276	6,566,130	8,660,395	10,754,661	12,848,927
(1)%	17.81%	3,482,533	6,166,214	8,112,502	10,058,790	12,005,078
—	18.81%	3,100,876	5,816,953	<b>7,633,638</b>	9,450,323	11,267,009
1%	19.81%	2,765,512	5,723,199	7,211,784	8,914,050	10,616,316
2%	20.81%	2,468,788	5,249,719	6,837,547	8,438,082	10,038,618

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**For the year ended December 31, 2023 with comparative information for 2022**

**7. Other Financial Assets**

As at December 31, 2023, the Trust has non-controlling interests of 9.85% in Canadian ("CDN") and 9.85% in United States ("USA") developments controlled by the REIT. These entities have positions in real estate development projects in Canada and the United States. The Trust's participation allows it to receive in proportion to its percentage share, all income from or proceeds from the disposition of the investments. The Trust classifies and measures the investment properties held at fair value.

Investment properties held within other financial assets mainly consist of development properties that are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of net income and comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method less cost to complete and include estimating, among other things, future stabilized net operating income, capitalization rates and other future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy.

The following table details the principal activities of the CDN and USA entities in which the Trust owns an ownership interest:

Principal Activity	December 31, 2023		December 31, 2022	
	Number of Entities	Equity Balance	Number of Entities	Equity Balance
CDN Development	1	\$ 2,447,401	1	\$ 2,120,612
CDN Corporate	—	—	1	4,225
USA Development	—	—	1	1,613,122
<b>Total</b>	<b>1</b>	<b>\$ 2,447,401</b>	<b>3</b>	<b>\$ 3,737,959</b>

The carrying value of other financial assets consist of the following principal activities as at December 31, 2023:

Principal Activity	January 1, 2023	Net Contributions	Fair Value Adjustment	FX Currency Translation	Dispositions	December 31, 2023
CDN Development	\$ 2,120,612	\$ 144,768	\$ 182,021	\$ —	\$ —	\$ 2,447,401
CDN Corporate	4,225	—	(4,225)	—	—	—
USA Development	1,613,122	—	(604,876)	26,631	(1,034,877)	—
<b>Total</b>	<b>\$ 3,737,959</b>	<b>\$ 144,768</b>	<b>\$ (427,080)</b>	<b>\$ 26,631</b>	<b>\$ (1,034,877)</b>	<b>\$ 2,447,401</b>

The carrying value of other financial assets consist of the following principal activities as at December 31, 2022:

Principal Activity	January 1, 2022	Net Contributions/ (Distributions)	Fair Value Adjustment	FX Currency Translation	Dispositions	December 31, 2022
CDN Development	\$ 2,327,074	\$ 96,376	\$ 177,228	\$ —	\$ (480,066)	\$ 2,120,612
CDN Corporate	119,493	—	(115,268)	—	—	4,225
USA Development	1,230,524	—	274,426	108,172	—	1,613,122
<b>Total</b>	<b>\$ 3,677,091</b>	<b>\$ 96,376</b>	<b>\$ 336,386</b>	<b>\$ 108,172</b>	<b>\$ (480,066)</b>	<b>\$ 3,737,959</b>

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**8. Accounts Payable and Other Liabilities**

The Trust's accounts payable and other liabilities are as follows:

As at	December 31, 2023	December 31, 2022
Accounts payable	\$ —	\$ 127,279
Accrued liabilities	115,337	186,646
<b>Total Accounts Payable and Other Liabilities</b>	<b>\$ 115,337</b>	<b>\$ 313,925</b>

**9. Other Income and Expenses**

The Trust's other income and expenses are as follows:

For the year ended December 31,	2023	2022
Trailer fees	\$ (114,172)	\$ (167,302)
Bank Interest	20,674	56,209
<b>Total Other Income and Expenses</b>	<b>\$ (93,498)</b>	<b>\$ (111,093)</b>

**10. General and Administrative Expenses**

The Trust's general and administrative expenses are as follows:

For the year ended December 31,	Note	2023	2022
Asset management fees	14	\$ 221,103	\$ —
Salaries and wages		106,005	343,657
Professional fees		231,196	221,921
Fund administration costs		178,465	127,498
Advertising		10,297	22,200
Office expenses		23,646	51,833
<b>Total General and Administrative Expenses</b>		<b>\$ 770,712</b>	<b>\$ 767,109</b>

For the period January 1, 2023 to November 19, 2023, the Trust was allocated the gross amount of \$698,677 of payroll expenses (2022: \$993,926) and \$416,468 of administrative expenses (2022: \$553,577) from Centurion Asset Management GP Inc. ("CAMGPI"). CAMGPI was owned 50% by the Trust and remaining 50% by the REIT. On November 20, 2023, CAMGPI was dissolved and this arrangement discontinued.

For the period January 1, 2023 to August 31, 2023, at the discretion of Centurion Asset Management Inc. ("CAMI" or the "Asset Manager"), the Trust was reimbursed \$501,331 of general and administrative expenses (for the year ended December 31, 2022: \$776,177), which has been recorded net within the total general and administrative expenses. Effective September 1, 2023, CAMI and the Trust entered into a new asset management agreement. Under the new asset management agreement, CAMI now charges a prescribed asset management fee to the Trust which includes the Trust's portion of payroll and administrative expenses. The prescribed asset management fee for the year ended December 31, 2023, was \$221,103 (December 31, 2022: \$nil). CAMI no longer reimburses the Trust for a discretionary amount of general and administrative expenses.

## **11. Restricted Cash/ Unit Subscriptions in Trust**

As at December 31, 2023, the restricted cash is \$nil (December 31, 2022: \$50,000). Restricted cash represents Unitholder subscriptions held in trust until the trade settlement date, and these amounts will be returned to investors if the proposed Unitholder subscriptions do not successfully proceed.

## **12. Classification of Units**

In accordance with the Declaration of Trust (“DOT”), the Trust may issue an unlimited number of units of various classes, with each unit representing an equal undivided interest in any distributions from the Trust, and in the net assets in the event of termination or wind-up of the Trust.

### **Authorized**

**a) Unlimited number of Class A Trust Units**

Class A Trust Units are participating, with one vote per unit, no par value.

**b) Unlimited number of Class F Trust Units**

Class F Trust Units are participating, with one vote per unit, no par value.

**c) Unlimited number of Class M Trust Units**

Class M Trust Units are participating, reserved for Centurion Asset Management Inc., and represent a beneficial interest set as the ratio of the number of investor units, such that the number of Class M Units will equal the number of investor units, subject to a high-water mark, divided by 0.95 less the number of Investor Trust Units and the cumulative amount of Class M Trust Units previously redeemed. Investor Trust Units are defined as the Class A Trust Units, the Class F Trust Units, the Class I Units and any new class of Trust Units. Apart from certain voting restrictions, the Class M unitholders are entitled to vote to that percentage of all Unitholder votes equal to the Class M unit percentage interest. The remaining Class M Units have been converted to Class A units as at September 1, 2023 and no additional Class M units will be issued in the future.

**d) Unlimited number of Class R Trust Units**

Class R Trust Units are participating with no par value and are reserved for a Centurion Family Entity as defined in the DOT. Apart from certain voting restrictions, Class R units are entitled to vote to that percentage of all Unitholder votes equal to the Class R Percentage Interest as defined in the DOT.

**e) Unlimited number of Class I Trust Units**

Class I Trust Units are participating, with one vote per unit, no par value.

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<b>Issued</b>	<b>December 31, 2023</b>	December 31, 2022
<b>Class A Trust Units</b>		
Units as at January 1,	2,466,827	3,081,480
New units issued	66,481	33,779
Distribution reinvestment plan	125,049	141,684
Redemption of units	(507,375)	(790,117)
<b>Total Class A Trust Units</b>	<b>2,150,982</b>	<b>2,466,826</b>
<b>Class F Trust Units</b>		
Units as at January 1,	2,146,939	2,042,290
New units issued	32,868	356,020
Distribution reinvestment plan	123,901	116,017
Redemption of units	(402,818)	(367,388)
<b>Total Class F Trust Units</b>	<b>1,900,890</b>	<b>2,146,939</b>
<b>Class M Trust Units</b>		
Units as at January 1,	50,000	50,000
Converted to Class A units	(50,000)	—
<b>Total Class M Trust Units</b>	<b>—</b>	<b>50,000</b>
<b>Class R Trust Units</b>		
Units as at January 1,	10,549	9,647
Distribution reinvestment plan	1,000	902
<b>Total Class R Trust Units</b>	<b>11,549</b>	<b>10,549</b>
<b>Class I Trust Units</b>		
Units as at January 1,	—	578,867
New units issued	—	—
Distribution reinvestment plan	—	3,989
Redemption of units	—	(582,856)
<b>Total Class I Trust Units</b>	<b>—</b>	<b>—</b>

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**13. Warehouse Liabilities**

The Trust has a warehouse agreement with the REIT, a related party, whereby the REIT, at its sole discretion, may fund investments originated by the Trust. All outstanding principal and interest under the warehouse loan shall be due and payable on maturity of the underlying loan. The investment assets securing the warehouse agreement are all debt investments measured at amortized cost. The following summarizes details of the warehouse agreement:

<b>As at</b>	<b>December 31, December 31, 2022</b>	
Warehouse liabilities	\$ 2,410,583	\$ 13,086,736
Outstanding interest owing to REIT	—	115,915
<b>Total Liabilities related to the Warehouse Agreement</b>	<b>\$ 2,410,583</b>	<b>\$ 13,202,651</b>
<hr/>		
<b>For the year ended December 31,</b>	<b>2023</b>	<b>2022</b>
<b>Interest expense on Warehouse Liabilities</b>	<b>\$ 815,908</b>	<b>\$ 1,389,562</b>
<hr/>		
<b>Other information:</b>	<b>2023</b>	<b>2022</b>
<b>Weighted Average Interest Rate of Warehouse Agreement</b>	<b>10.25%</b>	10.26%
<b>Weighted Average Maturity of Warehouse Liabilities</b>	<b>0.67 years</b>	1.43 years
<b>Amount borrowed through Warehouse Agreement</b>	<b>\$ 13,069,380</b>	\$ 20,721,447
<b>Amount repaid through Warehouse Agreement</b>	<b>\$ 23,745,533</b>	\$ 20,946,654
<b>Estimated Fair Value of Investment Assets Securing the Warehouse</b>	<b>\$ 2,410,583</b>	\$ 18,894,805

**14. Commitments**

The Trust is committed to asset management services under an asset management agreement with Centurion Asset Management Inc. ("CAMI" or the "Asset Manager"), a company controlled by the President and Trustee of the Trust. The asset management agreement was revised on September 1, 2023. The initial term of the Asset Management Agreement is five years and will be renewed automatically annually thereafter unless cancelled. The contract will be terminable by the Trust (i) for cause, (ii) for poor performance by the Asset Manager at the end of the initial term as defined in the asset management agreement, subject to a cure period and unitholder approval, or (iii) for other strategic purposes after seven years, subject to unitholder approval and a make-whole payment, equivalent to asset management fees and carry allocation paid during the preceding 36 months. The Asset Manager may terminate the contract at any time after the initial term on 180 days' notice. The Trust is required to pay a 1.5% per annum asset management fee based on net asset value and bear a carry allocation of 15% based on the units producing a total return, as defined in the asset management agreement, in excess of a 7.25% hurdle, subject to a full catch-up and high water mark. As outlined in Note 10, the Asset Manager assumed responsibility for the personnel costs and related overhead costs incurred from and after September 1, 2023, in respect of the asset management employees transferred to the Asset Manager, subject to certain agreed reimbursable expenses, and is not entitled to any acquisition, disposition or development fees.

**15. Contingencies**

The Trust is currently not engaged in any legal matters and management is not aware of any such matters that could have a material impact on these Consolidated Financial Statements.

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**16. Related Party Transactions**

Except as disclosed elsewhere in these Consolidated Financial Statements, related party balances and transactions include the following:

On August 27, 2021, the Trust participated in a debt investment with a borrower who has a common board member as the Trust. As at and for the year ended December 31, 2023, the carrying value of the debt investment amounted to 7,500,000 with interest earned by the Trust of \$993,302.

Effective September 1, 2023, 50,000 Class M units were converted to 50,000 Class A units of the Trust with a value of \$471,250. For the year ended December 31, 2023, \$206,449 was distributed to Class M Trust units (2022: \$274,022).

The Trust has \$12,896 receivables from the REIT as at December 31, 2023 within Receivables and Other Assets.

Key management consists of the Board of Trustees and the executive management team of the Trust. Compensation paid to non-executive Trustees for the year ended December 31, 2023 was \$120,000 (December 31, 2022: \$112,500). Compensation paid to the executive management of the Trust for the year ended December 31, 2023 was \$169,313 (December 31, 2022: \$321,183).

**17. Fair Value Measurement**

Fair value is the price that market participants would be willing to pay for an asset or liability in an orderly transaction under current market conditions at the measurement date.

The fair values of the Trust's financial instruments were determined as follows:

- The carrying amounts of cash, restricted cash, other financial assets, receivables and other assets, warehouse liabilities and accounts payable and accrued liabilities approximate their fair values based on the short-term maturities of these financial instruments
- Management determined fair value based on its assessment of the current lending market for debt investments and participating loan interests of the same or similar terms since there are no quoted prices in an active market for the Trust's debt investments
- Management determined the fair value of warrants using an option pricing model

The table below analyzes assets and liabilities carried at fair value in the consolidated statement of financial position, by the levels in the fair value hierarchy, which are defined as follows:

<b>As at December 31, 2023</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Participating loan interests	6	\$ —	\$ —	\$ 19,830,808	<b>\$ 19,830,808</b>
Other financial assets	7	—	—	2,447,401	<b>2,447,401</b>
Foreign currency swap		—	49,275	—	<b>49,275</b>
<b>Total</b>		<b>\$ —</b>	<b>\$ 49,275</b>	<b>\$ 22,278,209</b>	<b>\$ 22,327,484</b>

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<b>As at December 31, 2022</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Participating loan interests	6	\$ —	\$ —	\$ 24,044,955	\$ 24,044,955
Other financial assets	7	—	—	3,737,959	3,737,959
Foreign currency swap		—	63,175	—	63,175
<b>Total</b>		\$ —	\$ 63,175	\$ 27,782,914	\$ 27,846,089

## 18. Capital Management

The Trust defines capital as net assets attributable to Unitholders. The Trust's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable Unitholder distributions and to provide for resources needed to fund new investments.

The carrying value of the units is impacted by net income and Unitholder distributions. The Trust endeavors to make annual distributions. Amounts retained in excess of the distributions are used to fund new investments and working capital requirements.

Management monitors distributions through various ratios to ensure adequate resources are available. These include the proportion of distributions paid in cash, the DRIP participation ratio, and total distributions as a percent of distributable income and distributable income per unit.

## 19. Risk Management

The main risks that arise from the Trust's financial instruments are liquidity, interest, credit, and currency risk. The Trust's approach to managing these risks is summarized below:

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust is exposed to several risks that can affect its operating performance. Management's close involvement in operations helps to identify risks and variations from expectations. As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk.

These risks include, and the actions taken to manage them, are as follows:

### a) Liquidity Risk

Liquidity risk is the risk that the Trust may not be able to meet its financial obligations as they become due. The Trust's principal liquidity needs arise from working capital, repayment of obligations, planned funding of debt, participating and other financial assets and distributions to Unitholders. The Trust manages its liquidity risk by ensuring its projected financial obligations can be met through its cash flow from operations, new capital issuances and projected repayments under the existing investment portfolio. In addition, the Trust may settle the warehouse liabilities through selling or syndicating investments, raising new capital or through transferring to the REIT the corresponding investment securing the warehouse liability. As at December 31, 2023, the Trust has contractual obligations totaling \$2,525,920 (December 31, 2022: \$437,541) due in less than one year, which include all liabilities excluding net liabilities attributable to Unitholders, noted within the consolidated statement of financial position and additional debt investment commitments (Note 5).



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**b) Interest Rate Risk**

The Trust's objective in managing interest rate risk is to minimize the volatility of earnings. Management monitors the Trust's current lending rates on an ongoing basis and assesses the impact of any changes in these credit rates on earnings. As at December 31, 2023, the Trust has debt investments of \$15,516,617 (December 31, 2022: \$13,991,335) that bore interest at variable rates, which are outlined as follows:

<b>For the year ended December 31, 2023</b>		Carrying Amount	<u>-1% Interest Movement</u>		<u>+1% Interest Movement</u>	
			Income	Equity	Income	Equity
Financial assets	Variable rate debt investments	\$15,516,617	\$ (155,166)	\$ (155,166)	\$ 155,166	\$ 155,166
Financial liabilities	Warehouse liabilities	2,410,583	24,106	24,106	(24,106)	(24,106)
<b>Net Exposure</b>		<b>\$13,106,034</b>	<b>\$ (131,060)</b>	<b>\$ (131,060)</b>	<b>\$ 131,060</b>	<b>\$ 131,060</b>

**c) Credit Risk**

Credit risk is the possibility that a borrower under one of the debt investments, may be unable to honour their debt commitment as a result of a negative change in the borrower's financial condition or market conditions that could result in a loss to the Trust. The Trust monitors its collection experience on a monthly basis ensuring any payment default is cured within a reasonable period and all past due amounts are factored into the AECL.

**d) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in foreign exchange rates. The Trust is exposed to currency risk from non-Canadian denominated assets. The Trust enters into currency derivatives to manage its foreign currency risk.

As at December 31, 2023, the Trust has USD currency derivatives with an aggregate notional value of \$5.94 million USD (December 31, 2022: \$18.05 million USD) at a rate of \$0.74 and a weighted average maturity of December 31, 2023. The following schedule outlines the Trust's net exposure to USD:

	<b>December 31, 2023</b>	December 31, 2022
Debt investments	\$ —	\$ 8,412,784
Participating loan interests	<b>6,223,772</b>	7,386,333
Other financial assets	—	1,236,912
<b>Total assets held in USD</b>	<b>6,223,772</b>	17,036,029
USD currency derivatives (notional value)	<b>(5,940,000)</b>	(18,050,000)
<b>Net exposure</b>	<b>\$ 283,772</b>	\$ (1,013,971)

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For the year ended December 31, 2023, a 1% change in the United States to Canadian Dollar exchange rate would have the following impact on net income and equity:

		-1%		1%	
	Carrying Amount	Income	Equity	Income	Equity
Net US dollar exposure	\$ 283,772	\$ 3,753	\$ 3,753	\$ (3,753)	\$ (3,753)

**20. Subsequent Events**

Subsequent to the reporting date the Trust completed the following transactions:

- a) The Trust had redemptions of \$2,407,394, unit holder subscriptions of \$82,000, and declared total distributions of \$1,000,867 out of which \$286,883 were paid in cash.
- b) The Trust utilized \$1,564,000 of the warehouse and repaid \$4,044,619 in full. The Trust has no outstanding warehouse balance remaining.
- c) The Trust received \$4,417,534 for discharge of debt investments and \$700,987 for discharge of participating loan which approximated their net carrying value.
- d) The Trust accrued interest of \$549,541 for debt investments, \$693,119 for participating loan and received interest of \$474,995 on debt investments, \$171,678 on participating loan.